

Hypothekenbank in Essen AG ♦ Postfach 101861 ♦ 45018 Essen ♦ Germany

Registered Letter / Advice of Delivery

Securities and Exchange Commission
Office of International Corporate Finance
Room 3099
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2007 DEC 27 A 7 21

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OF CORPORATE FINANCE



07028761

Gildehofstrasse 1
45127 Essen
Germany
www.essenhyp.com
info@essenhyp.com
Tel.: +49 201 8135-0
Fax: +49 201 8135-200

Bank Details:
Deutsche Bundesbank
Filiale Essen
Account No.: 360 096 10
BIC Code: HYES DE 3E
IBAN No.:
DE5736000000036009610

Your ref.

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Essen

18.12.07

Commerzbank AG
Bank Code 360 400 39
Account No.: 177 64 75
IBAN No.:
DE93360400390177647500

SUPPL

**File No. 824883 – Frequent Issuer Status of
Hypothekenbank in Essen AG**

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Dear Sir or Madam,

Please find enclosed Essen Hyp's website as of November 30, 2007
(English version) and the Interim Report as of September 30, 2007 (Eng-
lish version).

We would be obliged if you could confirm that you have received this
information by returning the enclosed answer form to us.

Thank you very much for your assistance.

Yours faithfully,


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Hypothekenbank in Essen
Aktiengesellschaft



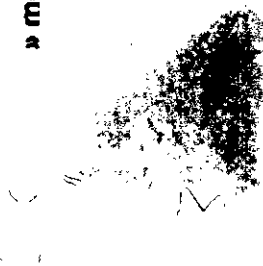
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INTERIM REPORT
Essen Hyp published its Interim Report as of September 30, 2007
» more

Press Release of
Hypothesenbank in Essen AG as of November 14, 2007 "Interim Report of Hypothesenbank in Essen AG as of September 30, 2007" » more



PFANDBRIEFE:
Attraktive Essen Hyp Pfandbriefe based on a first class cover pool.
» more

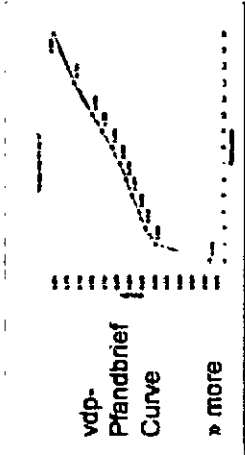
| RATINGS | S & P | MOODY'S | FITCH RATINGS |
|---------------------------|--------------------|---------------------|--------------------|
| Public-sector Pfandbriefe | A A A | A a a | A A A |
| Mortgage Pfandbriefe | not rated | A a 1 * | A A A |
| Long-term counterparty | A (outlook stable) | A1 (outlook stable) | A (outlook stable) |

* under review for possible upgrade

| RATINGS | S & P | MOODY'S | FITCH RATINGS |
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* under review for possible upgrade

- HYPOTHEKENBANK IN ESSEN AG PRESS RELEASES**
- NOVEMBER 14, 2007
"Interim Report of Hypothesenbank in Essen AG as of September 30, 2007" » more
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"Interim Report of Hypothesenbank in Essen AG as of June 30, 2007" » more



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Essen Hyp: Key competence in capital market business

The focus of Essen Hyp's business is on lending to national and international public-sector debtors. In addition the bank gives long-term mortgage loans to finance both commercial property and private housing.

Accordingly we make great use of the international capital markets on which, besides the "traditional" *Pfandbrief*, more and more Jumbo and Global *Pfandbriefe* are being issued.

Essen Hyp is one of the largest issuers of Jumbo *Pfandbriefe* worldwide.

 Search word enter

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Investor Relations

Ratings and Analyses (as of: November 12, 2007)

| Ratings | S & P | Moody's | Fitch Ratings |
|--|------------------|------------------|------------------|
| <i>Pfandbriefe</i> | | | |
| - public-sector | AAA | Aaa | AAA |
| - mortgage | not rated | Aa1 | AAA |
| Long-term counterparty rating | A | A1 | A |
| | (outlook stable) | (outlook stable) | (outlook stable) |
| Short-term counterparty rating | A-1 | P-1 | F1 |
| Notes issued under the Debt Issuance Program | | | |
| - Senior Unsecured Debt | A | A1 | not rated |
| - Subordinated Debt | A- | A2 | not rated |
| Commercial Paper Program | A-1 | P-1 | not rated |
| Financial Strength | not rated | C | C |
| * under review for possible upgrade | | | |

Rating Reports

- ▷ Standard & Poor's Bank Credit Report as of June 13, 2007
- ▷ Moody's Credit Opinion as of May 18, 2007
Rating Action as of May 14, 2007
- ▷ Fitch Ratings Rating Analysis as of November 01, 2007
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Financial

Reports Financial Calendar 2008

Key Dates 2008

| | |
|-------------------|--|
| March 13, 2008 | Annual General Meeting and (Supervisory Board) Meeting on the 2007 Annual Accounts |
| March 14, 2008 | Press Conference on the 2007 Annual Accounts and publication of the German version of our 2007 Annual Report |
| May 2008 | Publication of the English version of our 2007 Annual Report |
| Mid-August 2008 | Interim Report as of June 30, 2008 |
| Mid-November 2008 | Interim Report as of September 30, 2008 |

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☐ Public-sector Loans

Breakdown of public-sector cover pool

- ▷ by rating
- ▷ by borrowers and regions
- ▷ by countries
- ▷ by risk weighting

Cover pool at market value

- ▷ Development/ Stress scenario

Surplus cover

Breakdown of new lending commitments

- ▷ by rating
- ▷ by borrowers and regions
- ▷ by countries
- ▷ by risk weighting

☐ Risk Management

- ▷ Risk Report (PDF)

☐ Non-cover Loans

Breakdown of non-cover loans (public-sector)

- ▷ by rating
- ▷ by borrowers
- ▷ by countries
- ▷ by risk weighting

Breakdown of new lending commitments (public-sector)

- ▷ by rating
- ▷ by borrowers
- ▷ by countries
- ▷ by risk weighting

☐ Mortgage Loans

Breakdown of mortgage portfolio

- ▷ Domestic loans by type of property, region and LTV
- ▷ Foreign loans by type of property, country and LTV

Cover pool at market value

- ▷ Development/ Stress scenario

Surplus cover

Breakdown of non-cover loans

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- ▶ Loans with a LTV > 60%

Breakdown of new lending commitments

- ▶ Domestic loans by type of property, region and LTV
- ▶ Foreign loans by type of property, country and LTV



All figures are updated periodically (see overview of updates). Information contained herein is subject to completion and amendment. It should not be relied upon as a basis for investment decisions. EssenHyp accepts no liability for any omissions or inaccuracies contained herein!



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Credit Research

Overview of updates

| Subject | Update period | Last update |
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| Section 28 (1) (1-3) PfandBG | quarterly | 09.2007 |
| Section 28 (2) (1a) PfandBG | quarterly | 09.2007 |
| Section 28 (2) (1b,c) PfandBG | quarterly | 09.2007 |
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| Archive | quarterly | 06.2007 |
| Public-sector loans | | |
| Breakdown of public-sector cover pool | | |
| by rating | monthly | 11.2007 |
| by borrowers and regions | monthly | 11.2007 |
| by countries | monthly | 11.2007 |
| by risk weighting | monthly | 11.2007 |
| Cover pool at market value | | |
| Development/ Stress scenario | monthly | 11.2007 |
| Surplus cover | monthly | 11.2007 |
| Breakdown of new lending commitments | | |
| by rating | monthly | 11.2007 |
| by borrowers and regions | monthly | 11.2007 |
| by countries | monthly | 11.2007 |

| | | |
|--|-----------|---------|
| by risk weighting | monthly | 11.2007 |
| Non-cover Loans | | |
| Breakdown of non-cover loans | | |
| by rating | monthly | 11.2007 |
| by borrowers and regions | monthly | 11.2007 |
| by countries | monthly | 11.2007 |
| by risk weighting | monthly | 11.2007 |
| Breakdown of new lending commitments | | |
| by rating | monthly | 11.2007 |
| by borrowers and regions | monthly | 11.2007 |
| by countries | monthly | 11.2007 |
| by risk weighting | monthly | 11.2007 |
| Mortgage Loans | | |
| Breakdown of mortgage portfolio | | |
| domestic loans by type of property, region and LTV | quarterly | 09.2007 |
| foreign loans by type of property, country and LTV | quarterly | 09.2007 |
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| Development/ Stress scenario | monthly | 11.2007 |
| Surplus cover | monthly | 11.2007 |
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| domestic loans by type of property, region and LTV | quarterly | 09.2007 |
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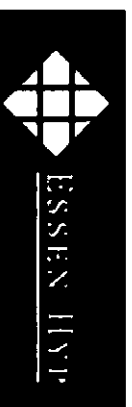
Navigation

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Pfandbrief Act

Section 28 (1) (1-3) PfandBG

| a) Total amount outstanding | Nominal value | | Present value | | Risk-adjusted present value | |
|--------------------------------|---------------|--------------|---------------|--------------|-----------------------------|--------------|
| | Sep 30, 2007 | Sep 30, 2006 | Sep 30, 2007 | Sep 30, 2006 | Sep 30, 2007 | Sep 30, 2006 |
| Mortgage Pfandbriefe | 5,709.7 | 5,300.0 | 5,606.7 | 5,300.1 | 5,406.5 | 5,133.8 |
| Cover assets | 6,016.6 | 5,485.3 | 5,995.5 | 5,638.6 | 5,665.4 | 5,284.6 |
| of which: derivatives | - | - | - | - | - | - |
| of which: derivatives (%) | - | - | - | - | - | - |
| of which: additional cover* | 1,010.6 | 1,054.3 | 1,012.8 | 1,278.0 | 894.5 | 1,119.3 |
| of which: further cover assets | - | - | - | - | - | - |
| deduction: currency scenario | - | - | - | - | 23.3 | - |
| Surplus cover | 306.9 | 185.3 | 388.8 | 338.5 | 235.6 | 150.8 |

in EUR m

Supplementary to a): Maturity structure
(remaining time to maturity)

| | Sep 30, 2007 | | | | | Sep 30, 2006 | | | | |
|-----------------------------|--------------|-------------------|---------------------|-----------|-----------|-------------------|---------------------|-----------|-----------|-----------|
| | <=1 year | >1 year <=5 years | >5 years <=10 years | >10 years | <=1 years | >1 year <=5 years | >5 years <=10 years | >10 years | <=1 years | >10 years |
| Mortgage Pfandbriefe | 1,101.6 | 2,670.5 | 1,588.1 | 349.5 | 1,394.2 | 2,435.5 | 1,252.8 | 217.5 | | |
| Cover assets | 398.3 | 1,435.3 | 2,754.1 | 1,428.9 | 532.5 | 898.2 | 2,883.8 | 1,170.8 | | |
| of which: additional cover* | 0.7 | 3.2 | 4.8 | 1,001.9 | 102.3 | - | 137.0 | 815.0 | | |

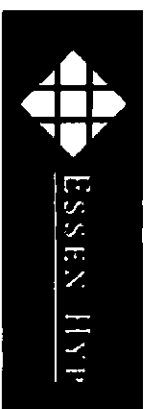
in EUR m

b) Total amount outstanding

Nominal value

Discount value

Risk-adjusted discount value



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Pfandbrief Act

>Section 28 (2) (1a) PfandBG

Breakdown of the total amount of mortgage loans serving as cover as defined in Section 28 (1) (1) of the German Pfandbrief Act (PfandBG) by loan size in accordance with Section 28 (2) (1a) of the PfandBG. All mortgage loans are stated at their nominal value. This overview is updated quarterly.

| in EUR m | | Sep 30, 2007 | Sep 30, 2006 |
|---------------------------|--|----------------|----------------|
| <= € 300,000 | | 3,844.2 | 3,228.6 |
| > € 300,000 - € 5,000,000 | | 378.1 | 394.6 |
| > € 5,000,000 | | 783.7 | 807.8 |
| Total amount | | 5,006.0 | 4,431.0 |

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Pfandbrief Act

Section 28 (2) (1b and c) PfandBG

Breakdown of mortgage loans serving as cover by countries in which the properties are located and by types of use

in EUR m

| | Mortgage loans serving as cover | | | |
|---|---------------------------------|----------------|--------------|----------------|
| | Sep 30, 2007 | Sep 30, 2006 | Commercial | Residential |
| Germany | | | | |
| Condominiums | - | 796.4 | - | 649.1 |
| Detached and semi-detached houses | - | 2,882.4 | - | 2,460.4 |
| Apartment buildings | - | 409.5 | - | 391.9 |
| Office | 276.7 | - | 360.5 | - |
| Retail | 236.7 | - | 247.8 | - |
| Industrial | 54.1 | - | 54.9 | - |
| Other commercial properties | 95.4 | - | 78.2 | - |
| Buildings under construction, not yet generating earnings | 0.0 | - | 0.0 | - |
| Building sites | 0.0 | - | 0.0 | - |
| Total Germany | 662.9 | 4,088.3 | 741.4 | 3,501.4 |

in EUR m

Mortgage loans serving as cover

| | Sep 30, 2007 | Sep 30, 2006 | Commercial | Residential |
|-----------------------------------|--------------|--------------|------------|-------------|
| England | | | | |
| Condominiums | - | 0.0 | - | 0.0 |
| Detached and semi-detached houses | - | - | - | - |

| | | | | |
|---|-------------|------------|-------------|------------|
| Detached and semi-detached houses | - | 0.0 | - | 0.0 |
| Apartment buildings | - | 0.0 | - | 0.0 |
| Office | 75.2 | - | 77.4 | - |
| Retail | 0.0 | - | 0.0 | - |
| Industrial | 0.0 | - | 0.0 | - |
| Other commercial properties | 0.0 | - | 0.0 | - |
| Buildings under construction, not yet generating earnings | 0.0 | - | 0.0 | - |
| Building sites | 0.0 | - | 0.0 | - |
| Total England | 75.2 | 0.0 | 77.4 | 0.0 |

in EUR m

| | Mortgage loans serving as cover | | | |
|---|---------------------------------|-------------|--------------|-------------|
| | Sep 30, 2007 | | Sep 30, 2006 | |
| | Commercial | Residential | Commercial | Residential |
| Belgium | | | | |
| Condominiums | - | 0.0 | - | 0.0 |
| Detached and semi-detached houses | - | 0.0 | - | 0.0 |
| Apartment buildings | - | 0.5 | - | 0.5 |
| Office | 0.0 | - | 0.0 | - |
| Retail | 0.0 | - | 0.0 | - |
| Industrial | 0.0 | - | 0.0 | - |
| Other commercial properties | 0.0 | - | 0.0 | - |
| Buildings under construction, not yet generating earnings | 0.0 | - | 0.0 | - |
| Building sites | 0.0 | - | 0.0 | - |
| Total Belgium | 0.0 | 0.5 | 0.0 | 0.5 |

in EUR m

| | Mortgage loans serving as cover | | | |
|-----------------------------------|---------------------------------|-------------|--------------|-------------|
| | Sep 30, 2007 | | Sep 30, 2006 | |
| | Commercial | Residential | Commercial | Residential |
| France | | | | |
| Condominiums | - | 0.0 | - | 0.0 |
| Detached and semi-detached houses | - | 0.0 | - | 0.0 |
| Apartment buildings | - | 0.0 | - | 0.0 |
| Total | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | |
|---|-------------|------------|-------------|------------|
| Umice | 32,2 | - | 42,2 | - |
| Retail | 0,0 | - | 0,0 | - |
| Industrial | 0,0 | - | 0,0 | - |
| Other commercial properties | 19,0 | - | 19,0 | - |
| Buildings under construction, not yet generating earnings | 0,0 | - | 0,0 | - |
| Building sites | 0,0 | - | 0,0 | - |
| Total France | 51,2 | 0,0 | 61,2 | 0,0 |

in EUR m

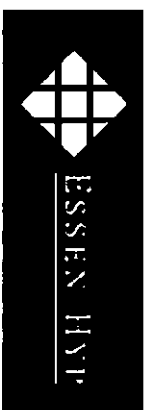
| | Mortgage loans serving as cover | | | |
|---|---------------------------------|-------------|--------------|-------------|
| | Sep 30, 2007 | | Sep 30, 2006 | |
| | Commercial | Residential | Commercial | Residential |
| The Netherlands | | | | |
| Condominiums | - | 0,0 | - | 0,0 |
| Detached and semi-detached houses | - | 0,0 | - | 0,0 |
| Apartment buildings | - | 0,0 | - | 0,0 |
| Office | 40,3 | - | 49,1 | - |
| Retail | 0,0 | - | 0,0 | - |
| Industrial | 0,0 | - | 0,0 | - |
| Other commercial properties | 0,0 | - | 0,0 | - |
| Buildings under construction, not yet generating earnings | 0,0 | - | 0,0 | - |
| Building sites | 0,0 | - | 0,0 | - |
| Total The Netherlands | 40,3 | 0,0 | 49,1 | 0,0 |

in EUR m

| | Mortgage loans serving as cover | | | |
|-----------------------------------|---------------------------------|-------------|--------------|-------------|
| | Sep 30, 2007 | | Sep 30, 2006 | |
| | Commercial | Residential | Commercial | Residential |
| Switzerland | | | | |
| Condominiums | - | 0,0 | - | 0,0 |
| Detached and semi-detached houses | - | 0,0 | - | 0,0 |
| Apartment buildings | - | 0,0 | - | 0,0 |
| Office | 87,5 | - | 0,0 | - |
| Retail | 0,0 | - | 0,0 | - |

| | | | | |
|---|--------------|----------------|--------------|----------------|
| Industrial | 0.0 | - | 0.0 | - |
| Other commercial properties | 0.0 | - | 0.0 | - |
| Buildings under construction, not yet generating earnings | 0.0 | - | 0.0 | - |
| Building sites | 0.0 | - | 0.0 | - |
| Total Switzerland | 87.5 | 0.0 | 0.0 | 0.0 |
| Total | 917.1 | 4,088.8 | 929.1 | 3,501.9 |

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Pfandbrief Act

Section 28 (2) (2) PfandBG

Total amount of payments in arrears for at least 90 days in respect of the mortgage loans serving as cover for mortgage Pfandbriefe as defined in Section 28 (1) (1) of the German Pfandbrief Act (PfandBG). These figures are broken down by countries and updated quarterly.

in EUR m

| Total amount of payments in arrears for more than 90 days | Sep 30, 2007 | Sep 30, 2006 |
|---|--------------|--------------|
| Germany | 0.0 | 0.0 |
| Total | 0.0 | 0.0 |

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Pfandbrief Act

Section 28 (3) (1) PfandBG

Assets serving as cover for the public-sector Pfandbriefe outstanding (in accordance with Section 28 (1) (1) of the German Pfandbrief Act (PfandBG)). The figures are broken down by the countries in which the borrowers are domiciled and show the nominal value of the cover assets broken down by borrower types (in accordance with Section 28 (3) (1) PfandBG).

| | | Assets serving as cover in EUR m | |
|----------------------|----------------|----------------------------------|--------------|
| | | Sep 30, 2007 | Sep 30, 2006 |
| Austria | | | |
| Government | 0.0 | 0.0 | |
| Regional authorities | 127.0 | 0.0 | |
| Local authorities | 0.0 | 0.0 | |
| Other borrowers | 1,897.3 | 1,383.2 | |
| Total | 2,024.3 | 1,383.2 | |
| Belgium | | | |
| | | Assets serving as cover in EUR m | |
| | | Sep 30, 2007 | Sep 30, 2006 |
| Government | 0.0 | 0.0 | |
| Regional authorities | 0.0 | 0.0 | |
| Local authorities | 0.0 | 0.0 | |
| Other borrowers | 115.0 | 90.0 | |
| Total | 115.0 | 90.0 | |
| Canada | | | |
| | | Assets serving as cover in EUR m | |
| | | Sep 30, 2007 | Sep 30, 2006 |
| Government | 0.0 | 0.0 | |
| Other borrowers | 0.0 | 0.0 | |
| Total | 0.0 | 0.0 | |

regional authorities
Local authorities
Other borrowers
Total

430.9
0.0
434.0
884.9

430.4
0.0
176.5
631.9

Assets serving as cover in EUR m

Sep 30, 2007 **Sep 30, 2006**

Cyprus
Government
Regional authorities
Local authorities
Other borrowers
Total

99.5
0.0
0.0
0.0
99.5

99.5
0.0
0.0
0.0
99.5

Assets serving as cover in EUR m

Sep 30, 2007 **Sep 30, 2006**

Czech Republic
Government
Regional authorities
Local authorities
Other borrowers
Total

125.5
0.0
0.0
0.0
125.5

238.0
0.0
49.1
11.8
298.9

Assets serving as cover in EUR m

Sep 30, 2007 **Sep 30, 2006**

Denmark
Government
Regional authorities
Local authorities
Other borrowers
Total

0.0
0.0
0.0
271.5
271.5

0.0
0.0
0.0
231.0
231.0

Assets serving as cover in EUR m

Sep 30, 2007 **Sep 30, 2006**

Finland

Italien

| | | |
|----------------------|-------------|--------------|
| Government | 0.0 | 447.8 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |
| Other borrowers | 99.0 | 169.0 |
| Total | 99.0 | 616.8 |

Assets serving as cover in EUR m

Sep 30, 2007 **Sep 30, 2006**

France

| | | |
|----------------------|----------------|----------------|
| Government | 2.5 | 2.5 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 9.2 | 12.3 |
| Other borrowers | 1,103.5 | 1,045.0 |
| Total | 1,115.2 | 1,059.8 |

Assets serving as cover in EUR m

Sep 30, 2007 **Sep 30, 2006**

Germany

| | | |
|----------------------|-----------------|-----------------|
| Government | 1,392.1 | 2,907.2 |
| Regional authorities | 25,713.1 | 27,352.3 |
| Local authorities | 2,478.8 | 2,410.9 |
| Other borrowers | 18,543.0 | 18,490.8 |
| Total | 48,127.0 | 51,161.2 |

Assets serving as cover in EUR m

Sep 30, 2007 **Sep 30, 2006**

Great Britain

| | | |
|----------------------|----------------|--------------|
| Government | 0.0 | 0.0 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 204.2 | 41.3 |
| Other borrowers | 929.7 | 794.8 |
| Total | 1,133.9 | 836.1 |

Assets serving as cover in EUR m

Sep 30, 2007 **Sep 30, 2006**

| | Sep 30, 2007 | Sep 30, 2006 |
|----------------------|----------------------------------|--------------|
| Greece | | |
| Government | 792.5 | 827.5 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |
| Other borrowers | 35.0 | 35.0 |
| Total | 827.5 | 862.5 |
| | Assets serving as cover in EUR m | |
| | Sep 30, 2007 | Sep 30, 2006 |
| Hungary | | |
| Government | 218.2 | 546.2 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |
| Other borrowers | 50.0 | 50.0 |
| Total | 268.2 | 596.2 |
| | Assets serving as cover in EUR m | |
| | Sep 30, 2007 | Sep 30, 2006 |
| Iceland | | |
| Government | 0.0 | 0.0 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |
| Other borrowers | 216.0 | 254.5 |
| Total | 216.0 | 254.5 |
| | Assets serving as cover in EUR m | |
| | Sep 30, 2007 | Sep 30, 2006 |
| Ireland | | |
| Government | 0.0 | 0.0 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |
| Other borrowers | 271.7 | 165.0 |
| Total | 271.7 | 165.0 |

| Assets serving as cover in EUR m | | |
|----------------------------------|--------------|--------------|
| | Sep 30, 2007 | Sep 30, 2006 |
| Italy | | |
| Government | 1,275.6 | 2,225.0 |
| Regional authorities | 800.9 | 1,008.3 |
| Local authorities | 290.7 | 344.9 |
| Other borrowers | 97.8 | 10.0 |
| Total | 2,465.0 | 3,588.2 |

| Assets serving as cover in EUR m | | |
|----------------------------------|--------------|--------------|
| | Sep 30, 2007 | Sep 30, 2006 |
| Japan | | |
| Government | 6.1 | 0.0 |
| Regional authorities | 87.0 | 87.0 |
| Local authorities | 67.3 | 0.0 |
| Other borrowers | 0.0 | 0.0 |
| Total | 160.4 | 87.0 |

| Assets serving as cover in EUR m | | |
|----------------------------------|--------------|--------------|
| | Sep 30, 2007 | Sep 30, 2006 |
| Latvia | | |
| Government | 0.0 | 45.0 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |
| Other borrowers | 0.0 | 0.0 |
| Total | 0.0 | 45.0 |

| Assets serving as cover in EUR m | | |
|----------------------------------|--------------|--------------|
| | Sep 30, 2007 | Sep 30, 2006 |
| Lithuania | | |
| Government | 0.0 | 39.0 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |
| Other borrowers | 0.0 | 0.0 |
| Total | 0.0 | 39.0 |

| | 1000000 | 1000000 |
|----------------------|----------------------------------|--------------|
| | Assets serving as cover in EUR m | |
| | Sep 30, 2007 | Sep 30, 2006 |
| Luxembourg | | |
| Government | 0.0 | 0.0 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |
| Other borrowers | 201.2 | 144.5 |
| Total | 201.2 | 144.5 |
| | Assets serving as cover in EUR m | |
| | Sep 30, 2007 | Sep 30, 2006 |
| Norway | | |
| Government | 0.0 | 0.0 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |
| Other borrowers | 192.5 | 95.0 |
| Total | 192.5 | 95.0 |
| | Assets serving as cover in EUR m | |
| | Sep 30, 2007 | Sep 30, 2006 |
| Poland | | |
| Government | 512.8 | 516.4 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |
| Other borrowers | 0.0 | 0.0 |
| Total | 512.8 | 516.4 |
| | Assets serving as cover in EUR m | |
| | Sep 30, 2007 | Sep 30, 2006 |
| Portugal | | |
| Government | 1,000.0 | 1,082.0 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |

Other borrowers
Total

0.0
1,000.0

Assets serving as cover in EUR m

Sep 30, 2007 Sep 30, 2006

Slovak Republic
Government
Regional authorities
Local authorities
Other borrowers
Total

212.5 297.5
0.0 0.0
0.0 0.0
0.0 0.0
212.5 297.5

Assets serving as cover in EUR m

Sep 30, 2007 Sep 30, 2006

Slovenia
Government
Regional authorities
Local authorities
Other borrowers
Total

142.9 0.0
0.0 0.0
0.0 0.0
0.0 0.0
142.9 0.0

Assets serving as cover in EUR m

Sep 30, 2007 Sep 30, 2006

Spain
Government
Regional authorities
Local authorities
Other borrowers
Total

0.0 0.0
1,819.2 2,053.4
10.0 10.0
1,653.5 2,036.8
3,482.7 4,100.2

Assets serving as cover in EUR m

Sep 30, 2007 Sep 30, 2006

Sweden
Government
Regional authorities

0.0 0.0
0.0 0.0

Local authorities
Other borrowers
Total

263.3 270.5
40.0 0.0
303.3 270.5

Assets serving as cover in EUR m

Sep 30, 2007 Sep 30, 2006

Switzerland
Government
Regional authorities
Local authorities
Other borrowers
Total

0.0 0.0
313.2 214.1
81.9 54.2
375.2 150.0
770.3 418.3

Assets serving as cover in EUR m

Sep 30, 2007 Sep 30, 2006

The Netherlands
Government
Regional authorities
Local authorities
Other borrowers
Total

0.0 0.0
0.0 0.0
93.8 1.9
417.0 467.0
510.8 468.9

Assets serving as cover in EUR m

Sep 30, 2007 Sep 30, 2006

United States
Government
Regional authorities
Local authorities
Other borrowers
Total

275.5 83.0
343.9 278.0
953.5 634.4
667.3 377.9
2,240.2 1,373.3

Assets serving as cover in EUR m

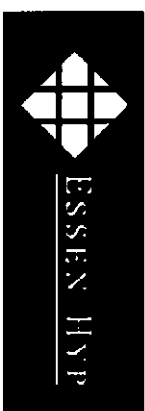
Sep 30, 2007 Sep 30, 2006

Others
Government

0.0 0.0

| | | |
|----------------------|-----------------|-----------------|
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |
| Other borrowers | 53.2 | 0.0 |
| Total | 53.2 | 0.0 |
| Total amount | 67,827.0 | 70,812.4 |

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Pfandbrief Act

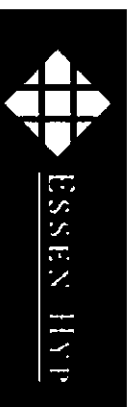
Section 28 (3) (2) PfandBG

Total amount of payments in arrears for at least 90 days in respect of the public-sector loans serving as cover for public-sector Pfandbriefe as defined in Section 28 (1) (1) of the German Pfandbrief Act (PfandBG). These figures are broken down by regions and updated quarterly (Section 28 (3) (2) PfandBG).

Total amount of payments in arrears for more than 90 days in EUR m

| Country | Sep 30, 2007 | Sep 30, 2006 |
|----------------------|--------------|--------------|
| Government | 0.0 | 0.0 |
| Regional authorities | 0.0 | 0.0 |
| Local authorities | 0.0 | 0.0 |
| Other borrowers | 0.0 | 0.0 |
| Total | 0.0 | 0.0 |

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Pfandbrief Act

Archive

This is where we file the quarterly information which we publish in accordance with Section 28 of the German Pfandbrief Act (PfandBG). Accordingly, investors can compare the current data to the figures from the previous quarters.

September 30, 2007

- ▷ [Sec. 28 \(1\) \(1-3\) PfandBG](#)
- ▷ [Sec. 28 \(2\) \(1a\) PfandBG](#)
- ▷ [Sec. 28 \(2\) \(1b,c\) PfandBG](#)
- ▷ [Sec. 28 \(2\) \(2\) PfandBG](#)
- ▷ [Sec. 28 \(3\) \(1\) PfandBG](#)
- ▷ [Sec. 28 \(3\) \(2\) PfandBG](#)

June 30, 2007

- ▷ [Sec. 28 \(1\) \(1-3\) PfandBG](#)
- ▷ [Sec. 28 \(2\) \(1a\) PfandBG](#)
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- ▷ [Sec. 28 \(2\) \(2\) PfandBG](#)
- ▷ [Sec. 28 \(3\) \(1\) PfandBG](#)
- ▷ [Sec. 28 \(3\) \(2\) PfandBG](#)

March 31, 2007

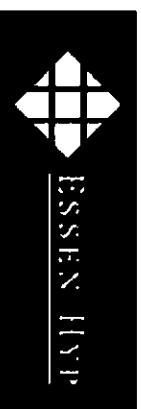
- ▷ [Sec. 28 \(1\) \(1-3\) PfandBG](#)
- ▷ [Sec. 28 \(2\) \(1a\) PfandBG](#)
- ▷ [Sec. 28 \(2\) \(1b,c\) PfandBG](#)
- ▷ [Sec. 28 \(2\) \(2\) PfandBG](#)
- ▷ [Sec. 28 \(3\) \(1\) PfandBG](#)
- ▷ [Sec. 28 \(3\) \(2\) PfandBG](#)

December 31, 2006

- ▷ [Sec. 28 \(1\) \(1-3\) PfandBG](#)
- ▷ [Sec. 28 \(2\) \(1a\) PfandBG](#)
- ▷ [Sec. 28 \(2\) \(1b,c\) PfandBG](#)
- ▷ [Sec. 28 \(2\) \(2\) PfandBG](#)
- ▷ [Sec. 28 \(3\) \(1\) PfandBG](#)
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2. Ver. 20 (2) (1) Pfandbrief
b. Sec. 28 (3) (2) PfandBG

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Public-sector loans

Breakdown of cover pool by rating

S & P / Moody's / Fitch

30.11.2007

Should the rating agencies come to different rating results, the worst rating is taken into account.

by rating

| | in Euro m | in % |
|--------------------|---------------|---------------|
| AAA / Aaa / AAA | 20,814 | 31.16 |
| AA+ / Aa1 / AA+ | 6,363 | 9.53 |
| AA / Aa2 / AA | 5,511 | 8.25 |
| AA- / Aa3 / AA- | 13,855 | 20.75 |
| A+ / A1 / A+ | 4,299 | 6.44 |
| A / A2 / A | 3,012 | 4.51 |
| A- / A3 / A- | 1,131 | 1.69 |
| BBB+ / Baa1 / BBB+ | 511 | 0.77 |
| BBB / Baa2 / BBB | 91 | 0.14 |
| Without rating * | 11,189 | 16.76 |
| Total | 66,776 | 100.00 |

* - Without rating

Public-sector banks and saving banks

Cities, municipalities, non-profit organizations and loans guaranteed by municipal authorities

Loans within the EU (public-sector banks, EU member states, regional governments, cities and municipalities). Loans guaranteed by EU

| | in Euro m | in % |
|--|-----------|------|
| | 5,875 | 8.80 |
| | 4,307 | 6.45 |
| | 776 | 1.16 |

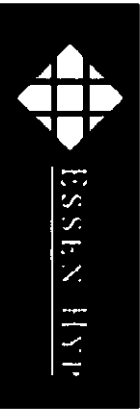
member states and EU institutions.

Others

Total

| | 1.2.2007 | 1.12.2006 |
|--------|----------|-----------|
| Others | 281 | 0.42 |
| Total | 11,189 | 16.76 |

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Public-sector loans

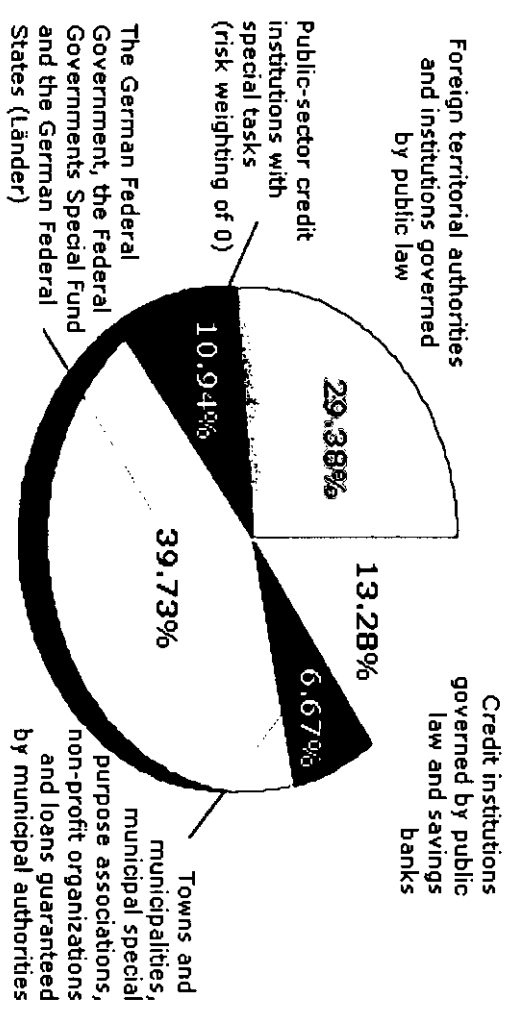
Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 66,776 m

Information as permitted by banking confidentiality.

30.11.2007

Please click on the different parts of the pie chart for further information.



by borrowers

The German Federal Government, the Federal Governments Special Fund and the German Federal States (Länder)
Towns and municipalities, municipal special purpose associations, non-profit organizations and loans guaranteed by municipal authorities

| in Euro m | in % |
|-----------|-------|
| 26,531 | 39.73 |
| 4,452 | 6.67 |

Public-sector credit institutions with special tasks (risk weighting of 0)
Credit institutions governed by public law and savings banks
Foreign territorial authorities and institutions governed by public law
Total

7,308 10.94
8,865 13.28
19,620 29.38
66,776 100.00

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Public-sector loans

Breakdown of cover pool by borrowers and regions

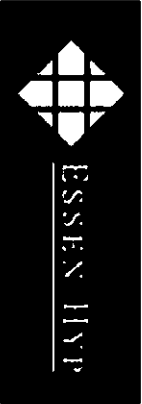
Cover fund total: Euro 66,776

Information as permitted
by banking confidentiality.

30.11.2007

| The German Federal Government, the Federal Government's Special Fund and the German Federal States (Länder) | |
|---|---------------|
| Federal Government of Germany | In Euro m |
| Federal Government's Special Fund | 200 |
| Laender (Individual German Federal States) | 702 |
| Total | 25,629 |
| | 26,531 |

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Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 66,776 m

Information as permitted
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30.11.2007

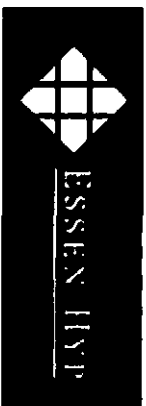
Towns and municipalities, municipal special purpose associations, non-profit organizations and loans guaranteed by municipal authorities

| | in Euro m |
|-------------------------------|-----------|
| Baden-Wuerttemberg | 268 |
| Bavaria | 134 |
| Berlin | 0 |
| Brandenburg | 0 |
| Bremen | 20 |
| Hamburg | 527 |
| Hesse | 292 |
| Lower Saxony | 831 |
| Mecklenburg-Western Pomerania | 25 |
| North Rhine-Westphalia | 1,485 |
| Rhineland-Palatinate | 132 |
| Saarland | 79 |
| Saxony | 8 |
| Saxony-Anhalt | 1 |
| Schleswig-Holstein | 633 |
| Thuringia | 17 |

Total

4,452

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Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 66,776 m

Information as permitted
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30.11.2007

Public-sector credit institutions with special tasks (risk weighting of 0)

in Euro m

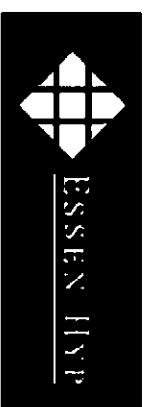
special public sector banks (solva 0)

7,308

Total

7,308

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Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 66,776 m

Information as permitted
by banking confidentiality.

30.11.2007

Credit institutions governed by public law and savings banks

in Euro m

Public-sector banks/ financial institution

4,083

Savings banks in

in Euro m

Baden-Wuerttemberg

1,069

Bavaria

55

Bremen

35

Hamburg

105

Hesse

217

Lower Saxony

507

Mecklenburg-Western Pomerania

55

North Rhine-Westphalia

2,211

Rhineland-Palatinate

101

Saarland

0

Saxony

25

Schleswig-Holstein

390

Mortgage loans guaranteed by the public-sector

12

Total

8,865

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Public-sector loans

Breakdown of cover pool by borrowers and regions

Cover fund total: Euro 66,776 m

Information as permitted
by banking confidentiality.

30.11.2007

Loans within EU

in Euro m

Public-sector banks in EU member states

5,770

EU member states

4,177

EU regional governments

2,724

EU member states, cities and municipalities

939

Loans guaranteed by EU member states

1,203

EU institutions

81

Subtotal

14,894

Other Foreign Loans

in Euro m

Public-sector banks

1,443

States

337

Regional governments

1,400

cities and municipalities

1,103

Loans guaranteed by foreign states

443

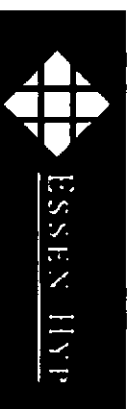
Subtotal

4,726

Total

19,620

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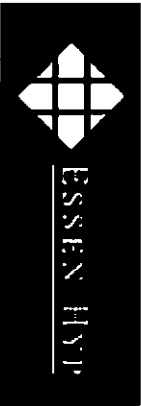
Public-sector loans

Breakdown of cover pool by countries

| | 30.11.2007 | |
|---------------------|------------------|-------------|
| | | |
| by countries | in Euro m | in % |
| Austria | 2,085 | 3.12 |
| Belgium | 365 | 0.55 |
| Canada | 869 | 1.30 |
| Cyprus | 100 | 0.15 |
| Czech Republic | 128 | 0.19 |
| Denmark | 271 | 0.41 |
| Finland | 99 | 0.15 |
| France | 1,115 | 1.67 |
| Germany | 47,155 | 70.61 |
| Great Britain | 740 | 1.11 |
| Greece | 828 | 1.24 |
| Hungary | 267 | 0.40 |
| Iceland | 213 | 0.32 |
| Ireland | 272 | 0.41 |
| Italy | 2,121 | 3.18 |
| Latvia | 0 | 0.00 |
| Lithuania | 0 | 0.00 |
| Luxembourg | 201 | 0.30 |
| Norway | 193 | 0.29 |
| --- | --- | --- |

| | | |
|-------------------|---------------|---------------|
| Poland | 511 | 0.77 |
| Portugal | 1,000 | 1.50 |
| Slovak Republic | 212 | 0.32 |
| Slovenia | 143 | 0.21 |
| Spain | 3,637 | 5.44 |
| Sweden | 299 | 0.45 |
| Switzerland | 747 | 1.12 |
| The Netherlands | 507 | 0.76 |
| The United States | 2,459 | 3.67 |
| Others | 239 | 0.36 |
| Total | 66,776 | 100.00 |

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Public-sector loans

Breakdown of cover pool by risk weighting

| | | 30.11.2007 |
|----------------|-----------|------------|
| Risk weighting | | |
| 0% | in Euro m | |
| | 46,407 | 69,50 |
| 10% | 550 | 0,82 |
| 20% | 19,819 | 29,68 |
| 100% | 0 | 0,00 |
| Total | 66,776 | 100,00 |

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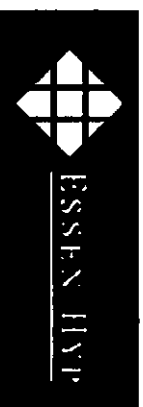
Public-sector loans - Cover pool at market value

Development / Stress scenario

| Date | Market value (cover pool) | Market value (public-sector Pfandbriefe) | Market value surplus cover in € m | Surplus cover in % | Market value (dynamic approach) Surplus cover in € m in the case of rising yields | Surplus cover in % in the case of rising yields | Market value (dynamic approach) Surplus cover in € m in the case of falling yields | Surplus cover in % in the case of falling yields |
|------------|------------------------------|---|--------------------------------------|--------------------|---|---|--|--|
| 30.11.2007 | 66,808.94 | 63,616.70 | 3,192.24 | 5.02 | 2,590.11 | 4.17 | 3,659.73 | 5.61 |
| 31.10.2007 | 66,969.22 | 64,113.48 | 2,855.74 | 4.45 | 2,296.92 | 3.67 | 3,279.61 | 4.99 |
| 30.09.2007 | 67,654.23 | 64,151.12 | 3,503.11 | 5.46 | 2,964.39 | 4.74 | 3,966.92 | 6.03 |
| 31.08.2007 | 68,807.74 | 65,364.84 | 3,442.90 | 5.27 | 2,970.09 | 4.66 | 3,763.91 | 5.61 |
| 31.07.2007 | 68,776.54 | 65,138.57 | 3,637.97 | 5.58 | 3,167.10 | 4.99 | 4,065.11 | 6.08 |
| 30.06.2007 | 72,309.82 | 68,660.80 | 3,649.02 | 5.31 | 3,060.67 | 4.57 | 4,250.65 | 6.04 |
| 31.05.2007 | 74,202.07 | 70,467.98 | 3,734.09 | 5.30 | 3,130.11 | 4.55 | 4,378.30 | 6.06 |
| 30.04.2007 | 74,658.88 | 71,025.80 | 3,633.08 | 5.12 | 3,088.26 | 4.46 | 4,236.12 | 5.81 |
| 31.03.2007 | 75,574.62 | 71,350.59 | 4,224.03 | 5.92 | 3,694.72 | 5.31 | 4,802.82 | 6.56 |
| 28.02.2007 | 75,841.21 | 71,655.45 | 4,185.76 | 5.84 | 3,511.98 | 5.03 | 4,933.20 | 6.70 |
| 31.01.2007 | 76,499.57 | 72,813.67 | 3,685.90 | 5.06 | 2,947.21 | 4.15 | 4,483.12 | 6.00 |
| 31.12.2006 | 77,318.59 | 73,086.08 | 4,232.51 | 5.79 | 3,578.37 | 5.02 | 4,910.79 | 6.54 |

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Public-sector loans

Breakdown of cover pool
Surplus cover

all amounts in Euro m

| Date | Public-sector <i>Pfandbriefe</i> outstanding | Cover | Surplus cover | in % | Bonds and loans not yet serving as cover * | in % | Total in % |
|------------|--|-----------|------------------|------|---|------|---------------|
| 30/11/2007 | 64,865.76 | 66,775.63 | 1,909.87 | 2.90 | 53.90 | 0.10 | 3.00 |
| 31/10/2007 | 65,560.74 | 67,068.82 | 1,508.08 | 2.30 | 52.40 | 0.10 | 2.40 |
| 30/09/2007 | 66,230.50 | 68,340.88 | 2,110.38 | 3.20 | 57.10 | 0.10 | 3.30 |
| 31/08/2007 | 66,934.00 | 69,026.33 | 2,092.33 | 3.10 | 135.20 | 0.20 | 3.30 |
| 31/07/2007 | 67,010.28 | 69,184.24 | 2,173.96 | 3.20 | 265.30 | 0.40 | 3.60 |
| 30/06/2007 | 70,720.91 | 72,918.70 | 2,197.79 | 3.10 | 905.80 | 1.30 | 4.40 |
| 31/05/2007 | 72,307.15 | 74,433.62 | 2,126.47 | 2.90 | 423.00 | 0.6 | 3.50 |
| 30/04/2007 | 72,921.37 | 74,773.94 | 1,852.57 | 2.50 | 755.30 | 1.0 | 3.50 |
| 31/03/2007 | 72,717.31 | 75,174.61 | 2,457.30 | 3.40 | 300.90 | 0.40 | 3.80 |
| 28/02/2007 | 73,061.94 | 75,185.79 | 2,123.85 | 2.90 | 279.10 | 0.4 | 3.3 |
| 31/01/2007 | 74,397.23 | 76,062.10 | 1,664.87 | 2.2 | 336.40 | 0.5 | 2.7 |
| 31/12/2006 | 74,523.60 | 76,568.35 | 2,044.75 | 2.7 | 231.30 | 0.3 | 3.0 |

* For technical reasons (e.g. due to the absence of certificates),
These bonds and loans are usually included in the cover pool within a few weeks.

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Public-sector loans - Breakdown of new lending commitments

by rating

S & P/ Moody's / Fitch

Should the rating agencies come to different rating results, the worst rating is taken into account.

by rating

AAA / Aaa / AAA

AA+ / Aa1 / AA+

AA / Aa2 / AA

AA- / Aa3 / AA-

A+ / A1 / A+

A / A2 / A

A- / A3 / A-

BBB+ / Baa1 / BBB+

BBB / Baa2 / BBB

Without rating *

Total

* - Without rating

Public-sector banks and saving banks

Cities, municipalities, non-profit organizations and loans guaranteed by municipal authorities

Loans within the EU (Public-sector banks, EU member states, regional governments, cities and municipalities). Loans guaranteed by EU member states and EU institutions.

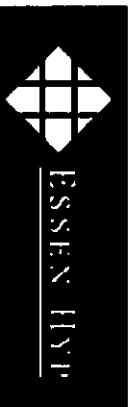
Others

Total

30.11.2007

| | in Euro m | in % |
|-----------|-----------|--------|
| | 6,750 | 32.94 |
| | 2,010 | 9.81 |
| | 1,989 | 9.71 |
| | 4,207 | 20.53 |
| | 1,242 | 6.06 |
| | 1,503 | 7.33 |
| | 580 | 2.83 |
| | 0 | 0.00 |
| | 0 | 0.00 |
| | 2,212 | 10.79 |
| | 20,493 | 100.00 |
| in Euro m | | |
| | 646 | 3.15 |
| | 1,462 | 7.13 |
| | 104 | 0.51 |
| | 0 | 0.00 |
| | 2,212 | 10.79 |

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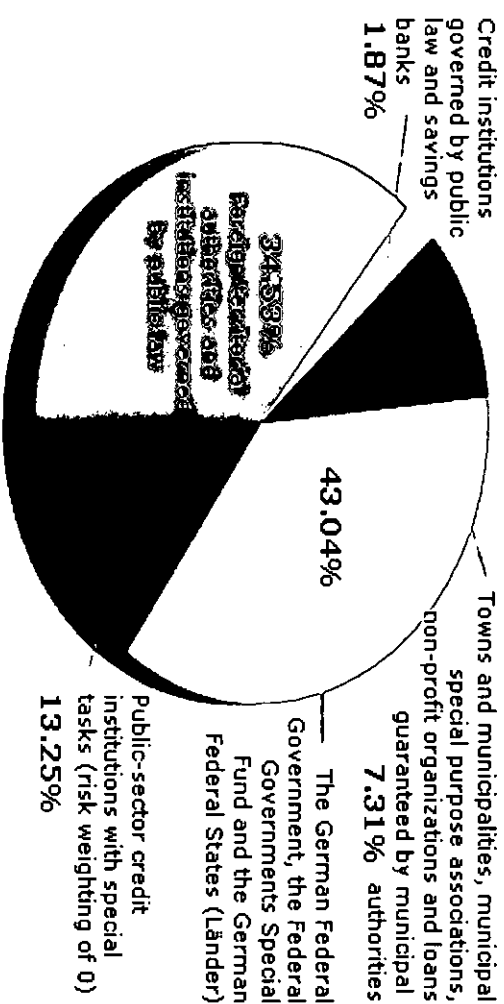
Public-sector loans - Breakdown of new lending commitments

by borrowers and regions

Information as permitted
by banking confidentiality.

30.11.2007

Please click on the different parts of the pie chart for further information.



by borrowers

The German Federal Government, the Federal Government's Special Fund and the German Federal States (Länder)

Towns and municipalities, municipal special purpose associations, non-profit organizations and loans guaranteed by municipal authorities

Public-sector credit institutions with special tasks (risk weighting of 0)

Credit institutions governed by public law and savings banks

| in Euro m | in % |
|-----------|-------|
| 8,820 | 43.04 |
| 1,499 | 7.31 |
| 2,715 | 13.25 |
| 284 | 1.87 |

institutions governed by public law with carrying capacity

2004 2005

Foreign territorial authorities and institutions governed by public law

7.075 34.53

Total

20,493 100.00

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Public-sector loans - Breakdown of new lending commitments by borrowers and regions

Information as permitted
by banking confidentiality.

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| | |
|---|-----------|
| The German Federal Government, the Federal Government's Special Fund and the German Federal States (Länder) | in Euro m |
| Federal Government of Germany | 407 |
| Federal Government's Special Fund | 0 |
| Laender (individual German Federal States) | 8,413 |
| Total | 8,820 |

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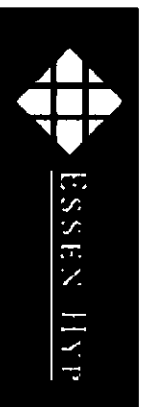
Public-sector loans - Breakdown of new lending commitments by borrowers and regions

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| Towns and municipalities, municipal special purpose associations, non-profit organizations and loans guaranteed by municipal authorities | in Euro m |
|--|-----------|
| Baden-Wuerttemberg | 74 |
| Bavaria | 29 |
| Berlin | 0 |
| Brandenburg | 0 |
| Bremen | 1 |
| Hamburg | 103 |
| Hesse | 165 |
| Lower Saxony | 43 |
| Mecklenburg-Western Pomerania | 0 |
| North Rhine-Westphalia | 698 |
| Rhineland-Palatinate | 61 |
| Saarland | 17 |
| Saxony | 8 |
| Saxony-Anhalt | 0 |
| Schleswig-Holstein | 270 |
| Thuringia | 30 |
| Total | 1,499 |

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Public-sector loans - Breakdown of new lending commitments

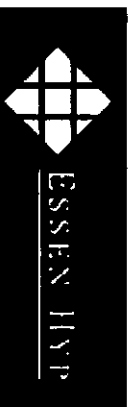
by borrowers and regions

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by banking confidentiality.

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| Public-sector credit institutions with special tasks (risk weighting of 0) | in Euro m |
|--|--------------|
| special public sector banks (solva 0) | 2,715 |
| Total | 2,715 |

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Public-sector loans

Breakdown of new lending commitments by borrowers and regions

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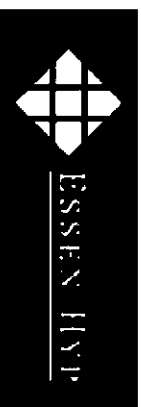
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Credit institutions governed by public law and savings banks
Public-sector banks and Private banks/ financial institution

in Euro m
194

| | |
|-------------------------------|-----------|
| Savings banks in | in Euro m |
| Baden-Wuerttemberg | 0 |
| Bremen | 0 |
| Bavaria | 0 |
| Hamburg | 0 |
| Hesse | 0 |
| Lower Saxony | 0 |
| Mecklenburg-Western Pomerania | 0 |
| North Rhine-Westphalia | 130 |
| Rhineland-Palatinate | 0 |
| Saxony | 25 |
| Schleswig-Holstein | 35 |
| Total | 384 |

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Public-sector loans - Breakdown of new lending commitments by borrowers and regions

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Loans within EU

in Euro m

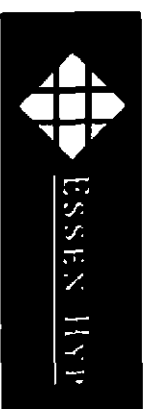
| | |
|---|-------|
| Public-sector banks in EU member states | 3,610 |
| EU member states | 607 |
| EU regional governments | 142 |
| EU member states, cities and municipalities | 142 |
| Loans guaranteed by EU member states | 90 |
| EU institutions | 0 |
| Subtotal | 4,591 |

Other Foreign Loans

in Euro m

| | |
|--|-------|
| Public-sector banks | 1,186 |
| States | 339 |
| Regional governments | 475 |
| Foreign member states, cities and municipalities | 436 |
| Loans guaranteed by foreign states | 48 |
| Subtotal | 2,484 |
| Total | 7,075 |

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Public-sector loans - Breakdown of new lending commitments

by countries

| | 30.11.2007 | |
|---------------------|------------|-------------|
| by countries | | in % |
| Austria | 1,162 | 5.67 |
| Belgium | 325 | 1.59 |
| Canada | 385 | 1.88 |
| Cyprus | 0 | 0.00 |
| Czech Republic | 0 | 0.00 |
| Denmark , | 241 | 1.18 |
| Estonia | 0 | 0.00 |
| Finland | 20 | 0.10 |
| France | 55 | 0.27 |
| Great Britain | 237 | 1.16 |
| Germany | 13,419 | 65.47 |
| Greece | 28 | 0.14 |
| Hungary | 0 | 0.00 |
| Iceland | 50 | 0.24 |
| Ireland | 332 | 1.62 |
| Italy | 674 | 3.29 |
| Latvia | 0 | 0.00 |
| Lithuania | 0 | 0.00 |
| Luxembourg | 0 | 0.00 |

| | | |
|-------------------|---------------|---------------|
| Norway | 134 | 0.65 |
| Poland | 60 | 0.29 |
| Portugal | 100 | 0.49 |
| Slovak Republic | 0 | 0.00 |
| Slovenia | 0 | 0.00 |
| Spain | 1,104 | 5.39 |
| Sweden | 40 | 0.20 |
| Switzerland | 376 | 1.83 |
| The Netherlands | 213 | 1.04 |
| The United States | 1,407 | 6.86 |
| Others | 131 | 0.64 |
| Total | 20,493 | 100.00 |

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Public-sector loans - Breakdown of new lending commitments

by risk weighting

30.11.2007

| Risk weighting | in Euro m | in % |
|----------------|---------------|---------------|
| 0% | 14,489 | 70.70 |
| 10% | 520 | 2.54 |
| 20% | 5,484 | 26.76 |
| Total | 20,493 | 100.00 |

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Risk Report

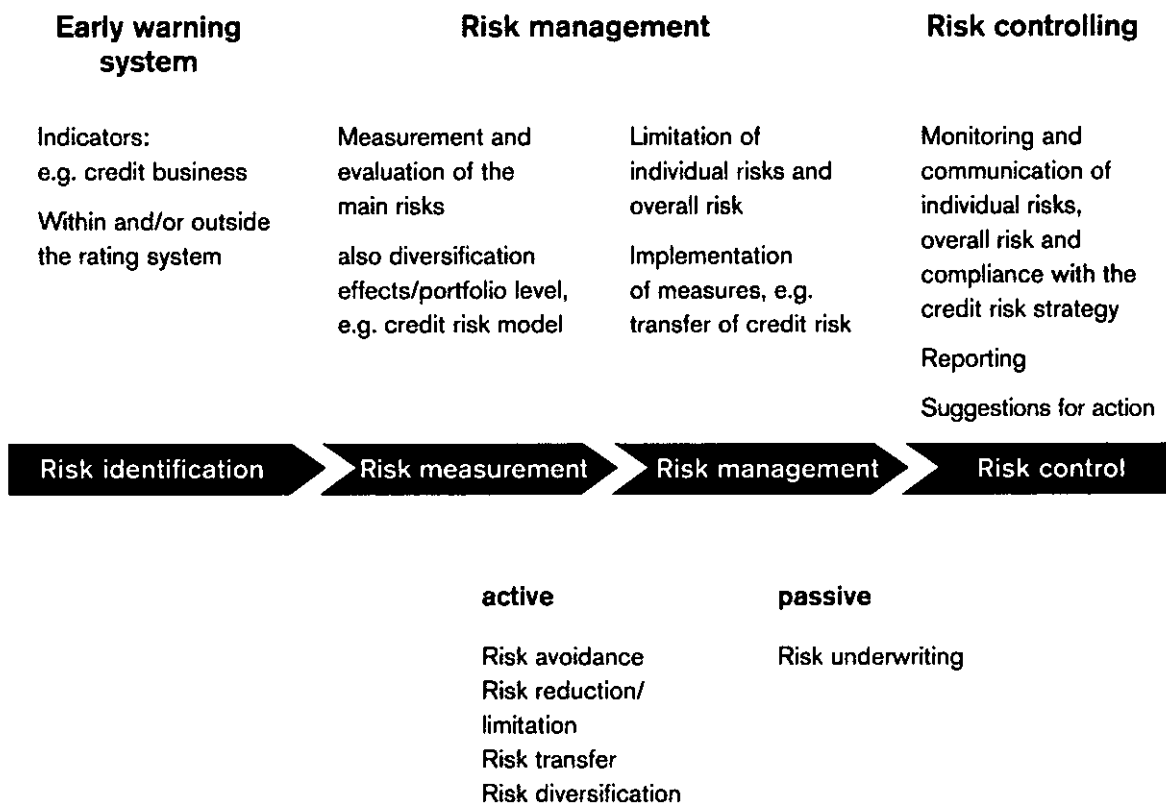
Fundamental principles

Concept and goals of risk management

Risk is an integral part of all entrepreneurial activity and involves a danger that corporate goals may not be attained due to internal and/or external events or actions or decisions, or that indeed the continuation of the company as a going concern may be jeopardized. Only conscious and target oriented risk

management procedures enable Hypothekenbank in Essen AG optimally to attain its overall banking goals. Furthermore, we ensure comprehensive risk management in order to meet the expectations and requirements of our parent company, our investors and capital market partners, rating agencies and the regulatory authorities. We consider risk management to be the entire set of all organizational regulations and measures for the identification of risk and the conscious and target oriented treatment of such risk. A comprehensive system for risk identification, early warning, evaluation (analysis and assessment),

The risk management system at Hypothekenbank in Essen AG



control and monitoring within the scope of a risk management system is therefore an integral part of Essen Hyp's business processes.

Our risk management system is oriented on the business and credit risk strategy and therefore on the bank's corporate goals and constitutes a supplement to our strategic and operational planning. Its function is, in particular, assuring the bank's existence and its future success.

The concept of risk represents the danger that actual results will be different from those expected. It can therefore be described as a probability distribution

in which both positive and negative variances take place around an expected value. A positive variance is described as an opportunity, whereas a negative variance is considered to be a threat.

Risk categories

Market risk. The term market risk generally comprises all risks involving unfavorable developments in the money and capital markets. Such risks result from the fluctuation of market prices (interest rates, foreign currencies) as well as other price affecting parameters (volatilities, credit spreads). Essen Hyp subdivides market risk into general market risk,

Risk categories

| Market risk | Credit risk | Liquidity risk | Operational risk | Other risk |
|---|---|---|---|---|
| <ul style="list-style-type: none"> • Interest rate risk • Currency risk • Volatility risk • Credit spread risk • Trading book risk | <ul style="list-style-type: none"> • Default and credit quality risk • Concentration and cluster risk • Country risk • Settlement risk • Advance payment risk • Replacement risk • Performance risk • Cover pool risk | <ul style="list-style-type: none"> • Market liquidity risk • Funding risk | <ul style="list-style-type: none"> • Processing risk • System risk • Personnel risk • External event risk • Legal risk • Outsourcing risk | <ul style="list-style-type: none"> • Business risk • Strategic risk • Reputational risk • Real estate and property risk • Participation and equity holding risk • Risk relating to conditions not in line with the market |

which includes interest rate risk, currency risk and volatility risk, and specific market risk, which includes credit spread risk.

Credit risk. Credit risk involves the danger that unexpected losses may result from a full or partial default and/or an increase in the expected default probability of borrowers (deterioration of creditworthiness). While default risk defines the danger that a borrower may not at all or only partially make contractually agreed upon principal or interest payments, credit quality risk is the danger of a deterioration in a borrower's creditworthiness. In addition, credit risk also comprises concentration and cluster risk, country risk and counterparty risk (settlement and advance payment risk as well as replacement and performance risk).

Liquidity risk. Liquidity risk covers the current or future danger of an institution not being able to meet its current or future payment obligations when due, or only to be able to do so while incurring losses. Essen Hyp subdivides liquidity risk into market liquidity risk and funding risk.

Operational risk. Operational risk (Op-Risk) is the danger of incurring losses due to inadequacy or failure of internal processes and systems, human error or external factors. This definition includes legal and outsourcing risk.

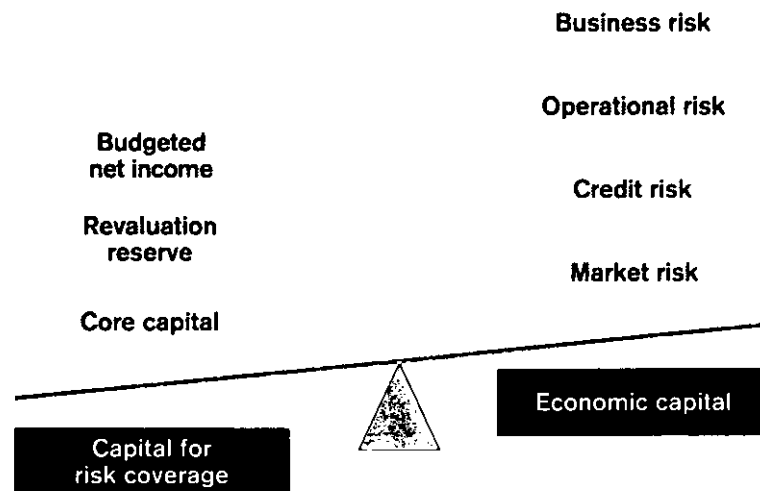
Other risk. The "other risk" category includes risk that can be quantified either only with difficulty or else not at all, such as e.g. business risk, strategic risk or real estate and property risk. Essen Hyp is aware of the existence of these types of risk and counters potential losses by instituting a buffer in the bank's risk taking capability calculation.

Risk taking capability, risk limitation and limit system

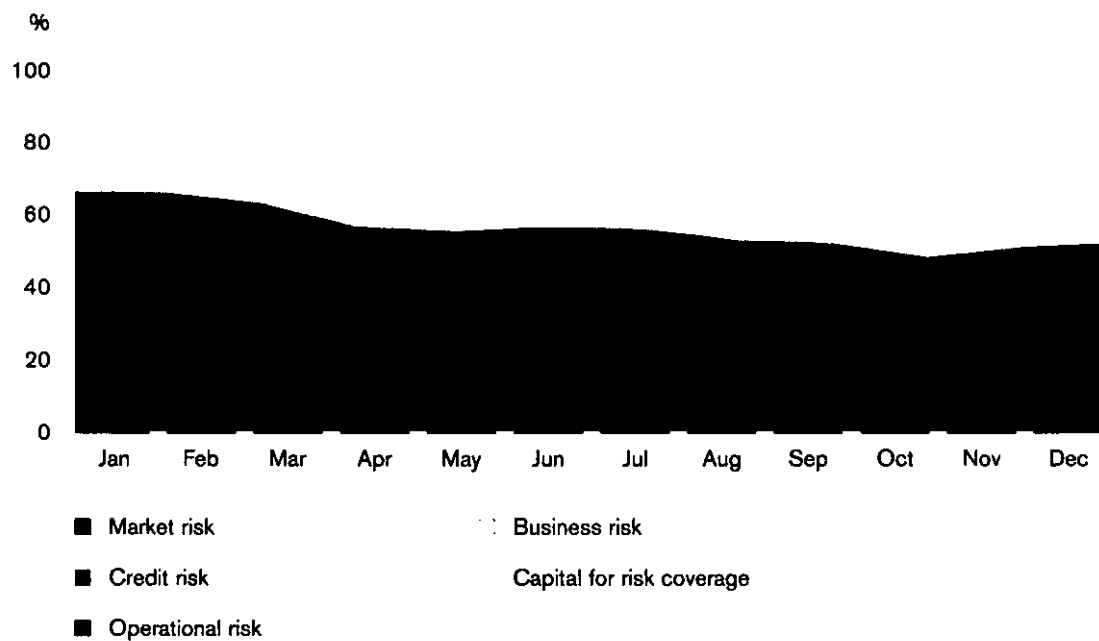
The central driving force of the risk and return oriented overall bank management of Essen Hyp is the optimal use of its economic capital, which is defined as that amount of capital that, with a certain degree of probability, will have to be advanced within a year to cover unexpected losses from risk affected positions (99.95% confidence level, investment period of one year). Within the scope of the calculation the economic capital is compared to the capital available for covering risk (capital for risk coverage) in order to determine whether in the event of a crisis there would be enough capital available to cover potential losses. Risk taking capability exists when all (essential) risks are covered on an ongoing basis by the risk coverage potential (see graph top right).

The ratio of capital for risk coverage to economic capital over the reporting year is shown in the adjacent graph (bottom right).

Diagram of the risk taking capability calculation



Risk taking capability over the reporting year



Organization of the risk management and controlling functions**Risk management organization**

An essential prerequisite for the effectiveness and thus efficacy of the risk management system is a clear and transparent risk management organization. To ensure these qualities, the roles and responsibilities of the participating organizational units and their function within the bank wide risk manage-

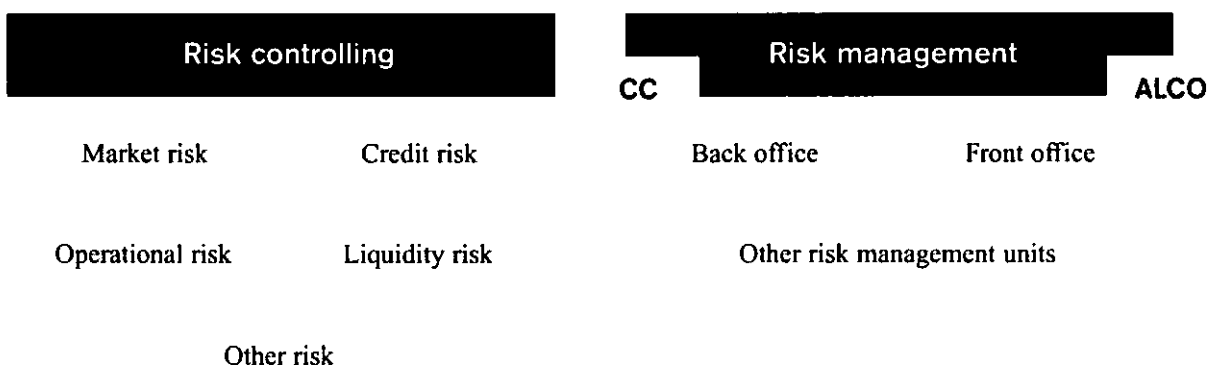
ment and control process are defined so as to prevent potential misunderstandings concerning responsibility or overlaps.

At Essen Hyp, the Board of Managing Directors has the overall responsibility for the management of the risks resulting from the individual activities. In the strategic area, the Board of Managing Directors is supported by the Credit Committee (CC), chaired by the Chief Risk Officer (CRO),

Risk management organization**Risk Committee of the Supervisory Board****Board of Managing Directors**

Risk strategy

CRO



Risk types

Process monitoring: Internal Audit Department

and by the Asset Liability Committee (ALCO) as well as by Board and business planning meetings. Operational risk management according to the bank's stated strategy lies within the scope of responsibility of the responsible front office and back office units. Risk controlling is ensured, in particular, by the Controlling Department. Process-independent monitoring of the risk management system is carried out by Essen Hyp's Internal Audit Department.

The graph on the left provides an overview of the tasks and responsibilities defined within the scope of the risk management organization.

Internal audit

The Internal Audit Department is an instrument of the Board of Managing Directors of Essen Hyp and reports directly to the Chairman of the Board of Managing Directors. It is an essential building block of the bank-wide monitoring system. Acting on instructions from the Board of Managing Directors, it provides independent and objective audit and consulting services designed to create added value and improve business processes. It supports Essen Hyp in the achievement of its goals by evaluating and helping improve operating and business processes, risk management and controlling as well as the bank's internal control system with a systematic and target oriented approach.

Based on a long-term audit plan, the Internal Audit Department reviews and evaluates all operating and business processes of Essen Hyp on a risk and process oriented basis, including, more particularly,

- the functionality, efficacy, cost-effectiveness and adequacy of the internal control system,

- the application, functionality, efficacy and adequacy of the bank's risk management and controlling systems, reporting, information systems and finance and accounting systems,
- compliance with statutory and regulatory requirements as well as other provisions,
- compliance with corporate guidelines, regulations and stipulations, as well as
- the regularity of all operational and business processes, regulations and provisions for the protection of the bank's assets.

The Internal Audit Department draws up a written audit report in a timely manner after completion of the review process. The audit report contains a description of what has been audited, the conclusions of the audit, an assessment of these conclusions and a list of recommended measures. Implementation of the measures and recommendations stated in the report is monitored by means of a database application.

The Supervisory Board of Essen Hyp is kept informed of the most relevant findings in its regular meetings. In addition, annually and following the end of the financial year, the Supervisory Board receives a comprehensive report on the most important findings as well as on the current status of the implementation of the pertinent measures. Any serious deficiencies that are identified are reported to the Chairman of the Supervisory Board without delay.

Implementation of Basel II/SolvV and MaRisk

The impact of Basel II on Essen Hyp. In the first quarter of the reporting year, Essen Hyp participated in the Fifth Quantitative Impact Study (QIS 5). The

results were stringently analyzed and have been incorporated into Commerzbank AG's consolidated Group reporting. As a result it became apparent that the bank, which within the scope of Basel II is aiming at implementing the advanced internal rating based approach (A-IRBA), can overall look forward to distinct relief in respect to risk assets. In particular the home loan segment will benefit from the new regulatory requirements. We are currently expecting a reduction of capital requirements by approximately 60% as compared to the existing *Grundsatz I*. With a view to this future impact, the bank therefore acquired a home loan portfolio in the reporting year. Furthermore, a moderate reduction in the risk assets required can be expected within the segment "Specialized Lending", which comprises commercial real estate finance (CRE). Against this background and by means of detailed analyses, the bank is carrying out ongoing monitoring and assessment of all loans for the purposes of gradual portfolio optimization in keeping with the internal rating based approach.

For the capital markets business as a whole we have stated an increase in capital requirements pursuant to Basel II. This is particularly true for loans to borrowers governed by public law. For Essen Hyp as a traditionally large public-sector lending institution it is therefore of major importance that the demonstrably low default probability of loans to these borrowers is taken into account when modeling the relevant rating components. This is the only way to achieve a noticeable reduction of the risk-adjusted capital allocation in this core segment in the future.

The Fifth Quantitative Impact Study was carried out using the Basel II computation module implemented at the bank. Within the scope of an

ongoing review process the bank is gradually integrating the relevant amendments to the Solvency Regulation (SolvV) that became final at the end of the year.

Implementation status. In the past, Essen Hyp had participated in joint projects initiated by the Association of German Pfandbrief Banks (vdp), in which internal rating components were developed for the real estate finance business. The 2004 PD (probability of default) component for commercial real estate finance has been incorporated into the bank's credit procedures and was developed jointly with BV Risk Solutions of Cologne, a subsidiary of Bankverlag Köln.

With reference to our home loan segment, i.e. residential loans to private customers, since the beginning of the reporting year Essen Hyp has been participating in a scoring procedure developed by Eurohypo AG to determine default probabilities in accordance with the Basel II requirements. Internal rating procedures intended to measure PD for our business segments public-sector loans (Federal States (*Länder*) and territorial authorities) and/or for the capital markets business (banks) were developed by our parent company and/or within the scope of joint projects managed by the vdp and Standard & Poor's Risk Solutions, Frankfurt.

As concerns the determination of the LGD (loss given default) rate for real estate finance (both commercial loans and home loans) and the subsequent calculation of the future capital requirements according to Basel II, the bank joined a project started by other mortgage banks at an early stage.

The Basel II computation module thus designed and implemented at Essen Hyp forms the basis

which enables us to calculate and evaluate all financing transactions carried out by the bank within the scope of either new business or portfolio transactions in compliance with the pertinent regulations stipulated by Basel II.

Further standardization of the rating procedures and/or the underlying methodology is aimed at within the Commerzbank Group as part of the implementation of Basel II. Since the beginning of the financial year 2007 the bank has therefore been involved in a Group-wide migration project within which the rating components for commercial real estate finance will be integrated into the bank's credit procedures.

The components used at Essen Hyp for the capital markets and public-sector lending business (for PD and LGD determination) currently already correspond to the methods and procedures used at Commerzbank AG.

The migration of the rating procedures is intended to guarantee optimal allocation of counterparty risk and best possible management of this type of risk within the Group via a standardized risk assessment based on methodical consolidation. In the past reporting year, the bank's activities within the scope of Basel II were already taking place with a view to the beginning stages of the supervisory review and certification of the rating components and calculation procedures. In the first quarter of 2007, the Bundesbank's auditors are expected at Essen Hyp in order to approve the internal rating procedure for loans to banks. While processing what is commonly referred to as cross-reference lists, Essen Hyp has laid the foundations for successful acceptance in collaboration with our certification specialist colleagues at Commerzbank AG and with the support of the Group, via the consulting company PwC.

According to current plan, all internal rating procedures at Essen Hyp will be reviewed by the banking supervisory authority in 2007.

MaRisk implementation. With the introduction of the Minimum Requirements for Risk Management (MaRisk), the German banking supervisory authority implemented the second pillar of Basel II and the Solvency Regulation (SolvV), the so-called "Supervisory Review Process". The MaRisk modify the Minimum Requirements for Trading Activities (MaH), the Minimum Requirements for Lending Operations (MaK) and the Minimum Requirements for the Internal Audit (MaIR). In addition to the requirements concerning the formulation of strategy and the risk taking capability, the MaRisk represent new quantitative and qualitative requirements as concerns risk management and monitoring at an institution. One of the fundamental changes is the requirement that stipulates adequate risk management and controlling processes for interest rate risk in the investment book. For Essen Hyp, however, this is nothing new, as much stricter requirements based on a gentlemen's agreement between the Federal Financial Supervisory Agency (BaFin) and the mortgage banks used to apply to mortgage banks prior to the introduction of the Pfandbrief Act (PfandBG).

To implement the MaRisk requirements, Essen Hyp has set up an interdisciplinary project group, which has identified all requirements that are relevant for the bank's business and assigned them to partial projects with specific work packages. The project group was able to complete most of the projects already by the end of 2006. Completion of partial projects still outstanding is planned for the first half of 2007. Accordingly, the MaRisk will have been fully implemented in 2007.

Risk management and controlling process

Process overview

The risk management process at Essen Hyp comprises all activities necessary for a systematic approach to risk handling at Essen Hyp. It consists of the following phases: identification, evaluation (analysis and assessment), control and communication of risk, as well as monitoring the efficacy (effectiveness) and efficiency (adequacy) of risk management measures.

- The goal of *risk identification* is a structured, detailed and wherever possible complete detection of all conceivable risk potential to be found at Essen Hyp in connection with its business processes and functional areas. Risk identification
- therefore provides the information needed for subsequent phases.
- The bank has implemented *early warning systems* that vary as to type and scope on the basis of the risk potential of our different areas of business. These systems serve to identify those loans and positions that begin to show indications of risk considered to be increased as compared to Essen Hyp's risk profile. This enables Essen Hyp to initiate countermeasures at the earliest possible stage (e.g. intensive treatment of loans).
- The goal of strategic *risk assessment* is to analyze the risks identified with regard to their risk potential for the bank, to rank them, and to represent them on a risk map. This quantitative

Risk management process map

Identification

Assessment

Monitoring

Management

Communication

assessment is drawn up in conjunction with a verbal justification on the basis of the following parameters: probability of occurrence, risk significance and controllability.

- (Operating) *risk measurement* is intended to determine the actual loss potentials and to reconcile them with the stipulated limits. The values thus measured are represented in the pertinent reports.
- *Risk management* means active control, i.e. actual management of the risk positions determined as part of the risk identification and risk analysis phases. Risk management must be congruent with corporate goals and the resulting goals of risk management.
- The goal of *risk reporting* is systematically to process, concentrate, channel and communicate the data obtained in connection with the previous phases.
- In the last phase of the risk management process, *risk monitoring* is intended to ensure that the actual risk position of Essen Hyp will always correspond to the targeted risk position stipulated by the Board of Managing Directors. Therefore, continuous operating control of the effectiveness of risk management measures is central to this phase.

Risk management with dual balance sheet accounting

Essen Hyp draws up both individual annual financial statements according to the German Commercial Code (HGB) and also, within the Group, annual financial statements according to the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS).

By comparison to German commercial law, risk management according to IAS/IFRS is oriented to a much greater extent on the fair value principle. According to this principle, all financial assets and liabilities, including financial derivatives, must fundamentally be recognized in the balance sheet

and evaluated in respect to the category to which they are assigned.

All financial instruments listed on an "active market" within the meaning of IAS 39 must be valued at fair value.

The category "Financial assets held to maturity" is not used. Market changes are recognized as either having a positive or a neutral effect on the profit and loss account. This partial balance sheet accounting at market values, often referred to as the "mixed model", necessitated the total interest rate book to be structured in partial portfolios within the scope of the overall bank management. This is the only way in which balance sheet impacts according to IAS/IFRS can be kept and managed within predefined limits. The daily valuation carried out for the purposes of IAS/IFRS accounting also helps show up potential effects of asset liability management measures.

Market risk

Strategy. Market risk is consciously incurred within the scope of the predefined limits and taking into account the relevant approval powers in order to generate earnings.

Organization. Active market risk management is the responsibility of the Capital Markets Division. Risk controlling is the task of the Market Risk Department.

Management. Market risk management is both risk and profits oriented. This involves setting market risk limits that take into account both the use of the economic capital and business expectations.

Risk measurement methods. Market risk is determined on the basis of the value at risk (VaR) concept. For these purposes, VaR is defined as the maximum loss of a portfolio over a specified holding period, where that loss will not be exceeded with a certain predetermined degree of probability (confidence

level). General market risk is calculated by means of historical simulation, and specific market risk is determined on the basis of a variance-covariance model.

The VaR is validated by means of back-testing. In this procedure, the maximum net present value change in the portfolio forecast by means of the VaR is compared to the actual changes. In addition to compliance with regulatory requirements, the goal of this procedure is to assess and continuously improve forecast quality.

Stress test and scenario analysis. As the results of a VaR calculation do not provide conclusions concerning the behavior of a particular portfolio under extreme market movements, other stress tests are carried out in addition to the VaR. Stress tests are calculated with the help of a selection of defined scenarios that distinctly exceed the range of standard daily fluctuations in the risk factors. All scenarios are developed based on historical yields and comprise both positive and negative shifts in the yield curve as well as tilts of the yield curve at certain key points on the curve. We also simulate other scenarios that are not extreme but involve other changes in the market data that are of interest to Essen Hyp (scenario analysis).

Limits. The level of general and specific market risk is limited for maximum utilization of the VaR and for the standardized stress tests. Trading book transactions are subject to a VaR sub-limit. In addition, a floor for the overall market value has been fixed.

Reporting. On a daily basis, the Board of Managing Directors, the Division Heads, the Head of Treasury and the Head of Bank Management are informed of the trends in Essen Hyp's market value, the level

of the VaR including the credit spread VaR and of the utilization of the different risk limits. At the same time the net present values of the public-sector and mortgage Pfandbriefe outstanding and their pertinent cover assets, as well as changes under defined stress scenarios are also determined and communicated. Furthermore, the Board of Managing Directors receives, on a monthly basis, detailed reports from the individual corporate divisions and departments. The report prepared by the Controlling Department includes, among other things, information on the transactions carried out in the past month, their impact on the gap report, the development of the market value and the developments concerning risk limit utilization. These reports also record the status of new products if applicable. The monthly report of the Accounting and Tax Department shows, among other things, the development of the balance sheet and profit and loss items according to both the German Commercial Code (HGB) and IAS/IFRS.

Trends in market risk figures over the financial year. As of December 31, 2006 the VaR represented 54.6% of the approved limit. Average limit utilization in 2006 was 69.8%. The utilization of the limit for worst case scenarios was 56.3% at the end of the year, at an average of 56.1% over the entire year. Essen Hyp incurred almost no currency or volatility risks in 2006 or significantly eliminated them by means of hedging instruments.

New developments in the financial year

Trading book institution/active trader. In August 2006 Essen Hyp registered with the Federal Financial Supervisory Authority (BaFin) as a trading book institution or active trader. In this capacity it enters into trading positions for the purpose of the short-term generation of additional profit. These positions are taken within the scope of stringently defined

parameters. Owing to the potentially increased risk content of these positions, Essen Hyp has set a sub-limit for the VaR arising out of trading book positions, approving only certain types of contracts within the scope of trading book transactions.

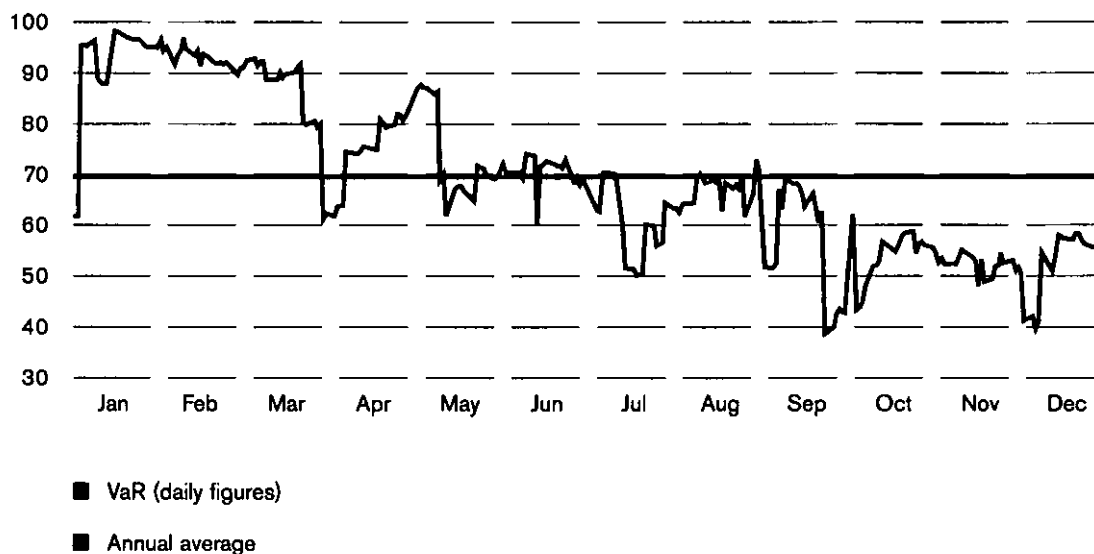
New risk calculation approach. With the goal of achieving the highest possible accuracy and data security in the calculation of risk ratios, a new risk calculation method was developed in our information systems and implemented into the existing systems and processes in the course of the reporting year. Contrary to the concept held to date, in the new risk calculation ratios are calculated both on an overall basis and also for individual risk factors (interest rates, currencies and volatilities) and on different aggregation levels, which enables differentiated market risk monitoring and management.

PRIME conversion. In August of 2006 we converted our Front Arena Atlas front-end system to Front Arena PRIME. This facilitates accounting for and valuation of existing contracts.

Credit risk

Strategy. The credit risk strategy sets the framework for the medium term management of the capital markets and real estate loan portfolios. Our strategy is based on the analysis of the starting position under our business policy and the estimation of the future risks and returns linked to the granting of credit. The credit risk strategy thus constitutes the foundation for the planned activities in the capital markets and real estate finance businesses and defines both the planned products and the target markets.

Value at risk on a daily basis and on an annual average of the authorized limit in 2006 in %



Organization. Active management of credit risk takes place under the joint responsibility of the responsible front office (Corporate Divisions Capital Markets and Real Estate Finance) and back office (Corporate Division Transaction Management) units. Risk controlling of credit risk at portfolio level is the responsibility of the Controlling Department.

Management. As an essential core function in banking, credit risk management is a decisive competitive factor. Only an institution that is able to quantify and manage its credit risk on a timely and systematic basis can meet the increasing requirements of its various stakeholders and will in the future be able to achieve a balanced relationship between risk and return.

The target portfolio defined in our credit risk strategy is the benchmark for new business and portfolio management activities. Credit risk is managed by means of a limit system that provides for limits for both issuers and counterparties on an individual contract level and also for country limits on a portfolio level. For country risk management purposes the bank uses Group know-how in addition to its own expertise. Within the scope of the Group-wide credit and decision-making process, Essen Hyp is also included in the parent company's Group limit system.

Credit approval and decision-making process. The conditions for each credit decision are determined by Essen Hyp's guidelines on credit approval powers. Credit approval powers are visually represented as a matrix whose structure is defined by the type of borrower, the borrower's internal rating and the facility requested by the responsible front office unit. An integral component of each credit decision is a creditworthiness analysis of the borrower, which culminates in the calculation of the borrower's internal rating taking into account all default risk

relevant information. To perform creditworthiness evaluations, Essen Hyp uses different EDP supported rating systems which are geared to the bank's different asset classes.

With the exception of the home loan segment, the property valuations carried out by the Hyp-Cert appraisers of Immobilien Expertise GmbH, a subsidiary of Essen Hyp, are of central significance for the determination of the lending value (*Beleihungswert*). Sustained income from properties to be mortgaged, as evidenced in the final appraisal report and taking into account non-recoverable operating costs, must distinctly exceed principal and interest payments to the bank and, if applicable, to other lenders. With the approval of the Supervisory Board's Risk Committee, the bank has developed credit guidelines that stipulate minimum debt service coverage (DSC) ratios and maximum loan terms depending on the amortization structure. In addition, specific portfolio limits are set for special risks, e.g. construction and development financing, financing in the East German Federal States (*Länder*) and selected property types. The guidelines also list the property types currently not eligible for lending or on which the bank will lend only subject to special conditions. A catalogue of favored target countries is also included in the guidelines.

Within the levels of credit approval powers, all credit decisions at the bank require the approval of the responsible front office unit, and, subsequently, a second vote from the responsible back office unit, independently from that issued by the front office unit. Both votes have to be issued prior to deciding on a credit application and thus constitute a prerequisite for decision-making.

The Credit Committee, chaired by the Chief Risk Officer, is the central decision-making body within

the levels of credit approval powers. The Credit Committee intervenes in Essen Hyp's decision-making process to bundle risk relevant decisions and/or to vote on credit reports to be submitted to the Board of Managing Directors.

Credit decisions that are not within the credit approval powers of Essen Hyp's Board of Managing Directors are submitted to the competent units at Commerzbank AG before being submitted to the Risk Committee of Essen Hyp's Supervisory Board for final decision.

Risk measurement methods. Monitoring compliance with the bank's credit risk strategy is the job of the Controlling Department. In order to ensure implementation of the risk strategy rules and to limit risk concentrations, the economic capital tied up is used as both a reference value and the upper risk limit for concentration and cluster risk. In addition, a standard comparison of budgeted and actual performance of the bank portfolios is also carried out on the basis of the target performance defined in the credit risk strategy.

For individual contracts, credit risk is fundamentally measured on an annual basis by means of the bank's internal credit rating for the borrower, obtained by means of quantitative and qualitative data, with the intensity and frequency of the risk measurement being dependent on the borrower's level of risk. The rotational risk measurement for individual contracts is supplemented with regular rating migration analyses at portfolio or, where applicable, sub-portfolio level.

The bank's ongoing monitoring is supplemented by an early warning system oriented on the risk inherent in the different portfolios. This system is designed to enable Essen Hyp, by means of quantitative and qualitative indicators and on a timely basis, to recognize risks affecting borrowers and to initiate appropriate countermeasures.

Reporting. The Board of Managing Directors, the Division Heads and the Supervisory Board / Risk Committee are comprehensively informed of credit risk trends by means of the quarterly risk report. Any credit risks that have been identified are analyzed in accordance with their essential structural characteristics (size, country and segment concentrations as well as rating distribution) with a view to determining compliance with the credit risk strategy. In the report, loans identified as non-performing are listed and described separately for the capital markets and the real estate finance segment. On this basis the Board of Managing Directors decides on the action to be taken in regard to significant deviations from the credit risk strategy and the connected countermeasures.

Provision for possible loan losses. Recognizable risks in the credit business are appropriately taken into account by means of specific valuation allowances and of global valuation allowances for latent risks. To date we have had no need to form specific valuation allowances for the loans to public-sector bodies or entities governed by public law, or to set aside provisions for these loans. As far as real estate finance is concerned, in-depth analyses that produce an estimation of potentially necessary precautionary measures are carried out in the course of the year to ensure planning compliance for the bank. For risk provisioning purposes, specific valuation allowances in respect to credit risks were formed by using the most realistic value (MRV) approach. Starting with a rating of 6.1, which corresponds to default status under Basel II, the portions remaining uncovered on application of the MRV approach have been fully written down in non-performing loans.

As part of our credit risk strategy we determined actuarial standard risk costs for both the home loan segment and commercial real estate finance on the basis of the existing portfolio quality and structure.

In view of the fact that some 95% of all home loans in our portfolio do not exceed 60% of the property's lending value (*Beleihungswert*), we use uniform standard risk costs for this business segment. In the commercial real estate finance segment, however, standard risk costs are calculated on the basis of the loan to value ratio. In the course of further implementation of our internal rating systems, we will gradually achieve risk adjusted pricing by calculating standard risk costs based on the expected loss.

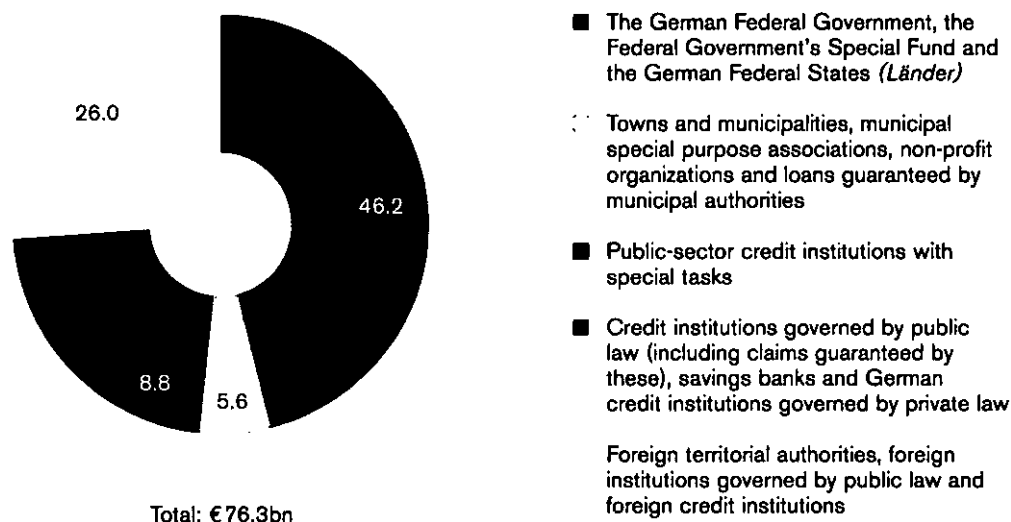
Cover pool risk management

§ 27 Sec. 1 of the German Pfandbrief Act (PfandBG) requires Pfandbrief banks to implement an appro-

priate risk management system that stipulates appropriate instruments and regulations concerning management, monitoring and control, in particular as relates to risks arising out of credits included in the cover pool and from the issuance of Pfandbriefe resulting therefrom. In this connection we have implemented a global, bank-wide risk management system that meets the special requirements of § 27 PfandBG. The duty of transparency pursuant to § 28 PfandBG is also complied with.

Public-sector loans and securities issued by other borrowers. Our public-sector cover assets amounted to €76.3bn at the end of the reporting year. The high quality of these assets is reflected on the one hand

Structure of our public-sector cover pool as of December 31, 2006
in %



in a lower average risk weighting pursuant to *Grundsatz I* and, on the other hand, in the external ratings assigned by the international rating agencies. In accordance with *Grundsatz I*, 72.7% of these assets are classified as having a risk weighting of 0%, 0.9% would be weighted at 10% and 26.4% at 20%. An analysis of the credit portfolio from a rating point of view shows that 37.7% of the cover assets are rated triple A, 33.6% double A, 13.7% single A and 1.2% triple B. Assets that are not externally rated make up 13.8% of all loans included in the cover pool, consisting to 54% of loans to credit institutions governed by public law, domestic private banks and savings banks and to 46% of

claims on domestic and foreign public-sector entities and public-sector institutions that according to our own creditworthiness analysis also enjoy excellent credit quality.

As a basic principle, an investment grade rating is required for the granting of loans not eligible for cover to foreign public-sector entities and other borrowers. As of December 31, 2006 loans to these borrowers (not including derivatives) totaled €1.2bn. Of these loans, 0.8% are rated triple A, 9.8% double A, 78.9% single A and 9.4% triple B. No external rating is recorded for 1.1% of these loans.

Rating of public-sector cover assets as of December 31, 2006

| Standard & Poor's / Moody's / FitchRatings | in € m | in % |
|--|--------|-------|
| AAA / Aaa / AAA | 28,810 | 37.7 |
| AA+ / Aa1 / AA+ | 6,658 | 8.7 |
| AA / Aa2 / AA | 4,777 | 6.3 |
| AA- / Aa3 / AA- | 14,192 | 18.6 |
| A+ / A1 / A+ | 7,216 | 9.5 |
| A / A2 / A | 2,561 | 3.4 |
| A- / A3 / A- | 635 | 0.8 |
| BBB+ / Baa1 / BBB+ | 808 | 1.1 |
| BBB / Baa2 / BBB | 93 | 0.1 |
| Not rated | 10,592 | 13.8 |
| Total | 76,342 | 100.0 |

Derivatives. The bank reduces its counterparty risk by means of bilateral framework agreements that as a rule include netting agreements. This aspect, too, is subject to a standard Group regulation. The breakdown of our derivatives portfolio by counterparty rating is shown in the following table (see also page 110 in the notes to the annual financial statements):

Counterparty ratings in € m/remaining time to maturity

| Rating | <1 year | 1 – 5 years | > 5 years | Total |
|-----------|---------|-------------|-----------|---------|
| Triple A | 250 | 698 | 2,530 | 3,478 |
| Double A | 12,044 | 34,109 | 23,251 | 69,404 |
| Single A | 20,047 | 42,876 | 43,387 | 106,310 |
| Triple B | 0 | 0 | 0 | 0 |
| Not rated | 4,932 | 17,055 | 13,921 | 35,908 |
| Total | 37,273 | 94,738 | 83,089 | 215,100 |

The counterparties not rated are German subsidiaries of foreign financial and credit institutions which in turn enjoy good credit ratings. The volumes involved are shown in the following table. In this table, we have assigned the rating of these foreign financial and credit institutions to our counterparties as an “implicit rating”.

Implicit counterparty ratings in € m/remaining time to maturity

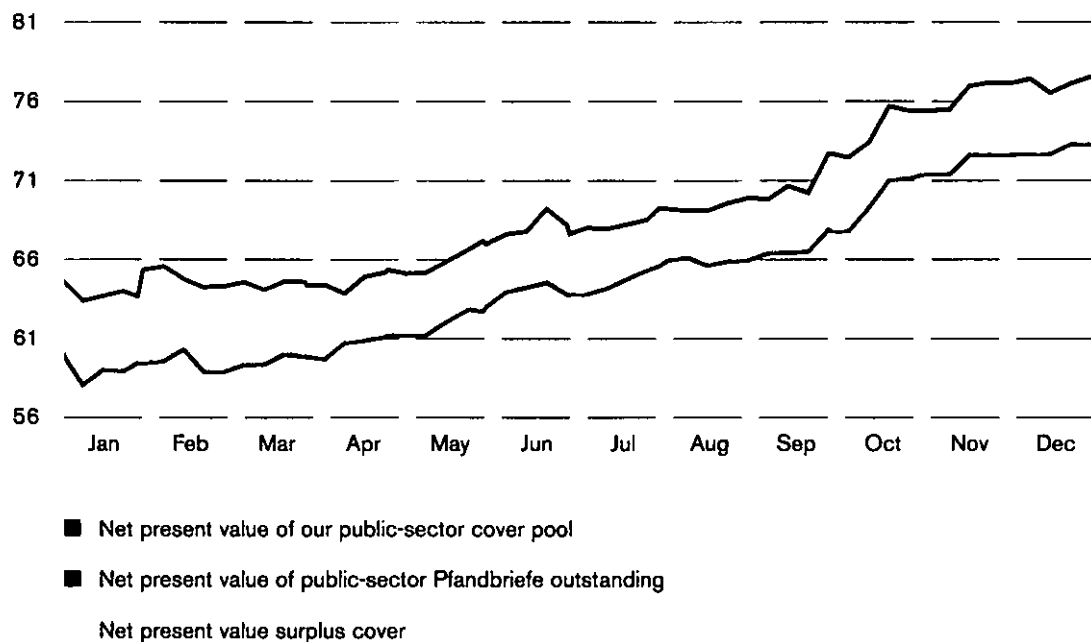
| Rating | <1 year | 1 – 5 years | > 5 years | Total |
|----------|---------|-------------|-----------|--------|
| Double A | 1,150 | 3,046 | 1,771 | 5,967 |
| Single A | 3,782 | 14,009 | 12,150 | 29,941 |
| Total | 4,932 | 17,055 | 13,921 | 35,908 |

These derivatives are used exclusively to hedge the interest rate risk at the individual contract and/or portfolio level and to manage the overall interest rate book in regard to returns and interest risk profile.

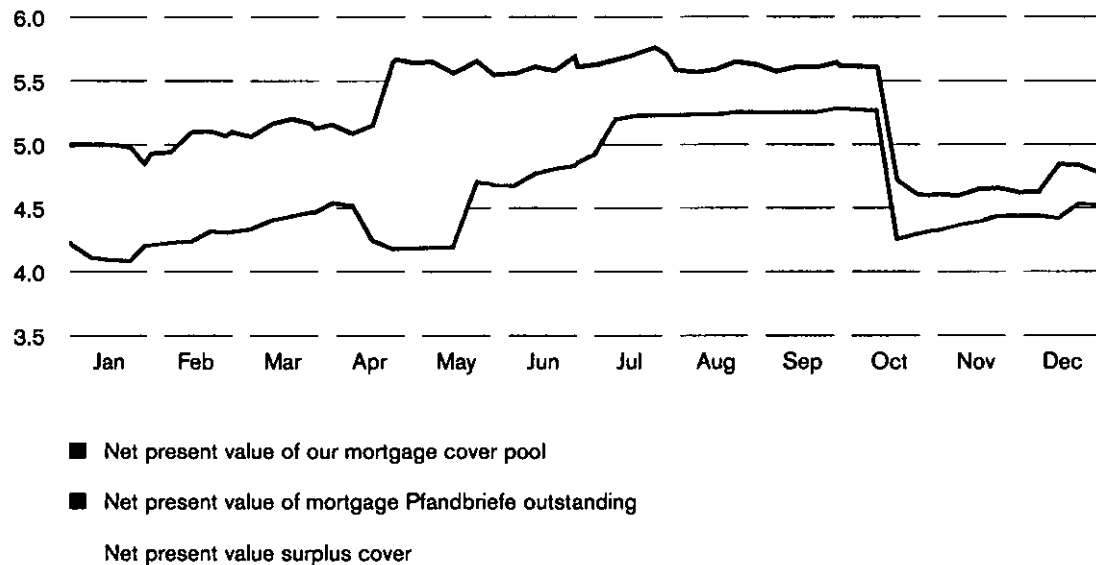
Essen Hyp's interest-bearing positions are valued on a daily basis. Information on the calculated total market value is provided daily to the Board of Managing Directors, the Head of Treasury and the Head of Bank Management. As a part of Essen Hyp's limit system, a floor for the market value has been fixed, which is to ensure that the overall market value never falls short of a predefined minimum amount.

Net present value of the Pfandbrief cover. We calculate the net present value of our Pfandbrief cover on a daily basis. We are required by law to maintain a surplus cover of 2% at all times. Our internal rule requires 2.5%. Pursuant to § 4 Sec. 2 PfandBG this surplus cover is calculated on the basis of the net present value of the cover pool while assuming the required stress tests. These stress tests ensure that the surplus cover of 2% is also met in the event of interest rate movements. For its stress test calculations Essen Hyp employs the dynamic method, which uses the value at risk method based on the interest rate movements over the previous 250 trading days. Under stress test conditions, average surplus cover available at all times was 5.5% for

Net present value surplus cover of our public-sector Pfandbriefe in € bn



Net present value surplus cover of our mortgage Pfandbriefe in € bn



public-sector Pfandbriefe, and 10.6% for mortgage Pfandbriefe. No replacement was arranged for a large volume mortgage Pfandbrief which fell due in October.

Liquidity risk

Strategy. The goal of liquidity risk management is to ensure that Essen Hyp is solvent at all times and not subject to any impairment. With this aim, Essen Hyp pursues the concept of matching long-term maturities, usually referred to as the “stable funding concept”. This means that long-term loans are predominantly funded on a long-term basis.

When evaluating the liquidity situation it is important to bear in mind that the assets in the segments public-sector loans, loans to banks and corporate loans are highly liquid and can thus, within the scope of nominal surplus cover, be sold and/or placed on the repo market if necessary.

Organization. Ensuring constant payment ability at all times is the job of the Treasury Department. Measurement and monitoring of the liquidity risk are the responsibilities of the Controlling and Accounting and Tax Departments.

Management. Liquidity risk management is based on the Group's available net liquidity (ANL) concept, which was, to a large extent, introduced during the reporting year and has already been implemented into the pertinent processes and procedures. In addition, liquidity risk is managed in accordance with the regulatory liquidity ratio as set out in *Grundsatz II*.

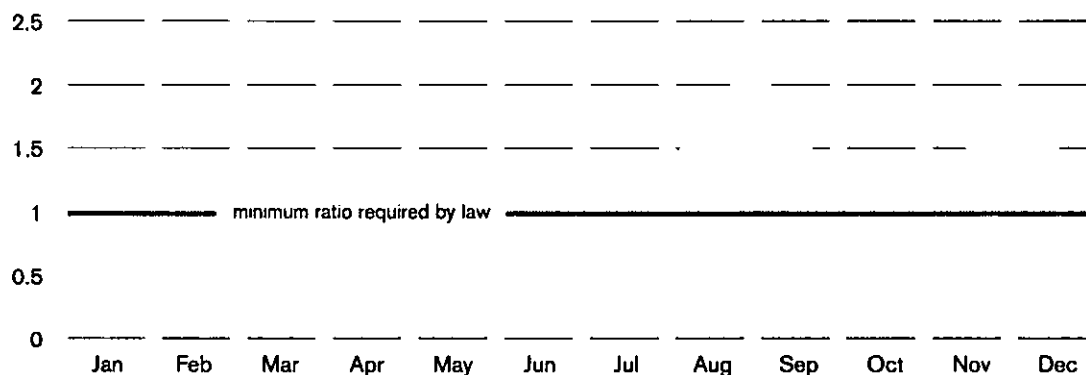
Risk measurement methods. The calculation of the liquidity ratio according to *Grundsatz II* is the responsibility of the Accounting and Tax Department. According to this principle, a credit institution's liquidity is considered to be assured when the weighted liquid assets available to it within 30 days cover the weighted payment obligations callable during this period. In the reporting year the liquidity ratio was between 1.1 and 1.5 and thus at all times higher than the minimum ratio of 1.0 required by the supervisory authorities.

In addition, the bank determines liquidity risk by representing the level of mismatches in the form of a cash flow gap analysis. The mismatches are compared to existing short-term funding lines plus the liquidity reserve, which enables an assessment of the liquidity position.

Using the ANL concept, legal and economic cash flows are calculated for both balance sheet and non-balance sheet items. A compensation instrument, called balance sheet liquidity, is being developed for potential future liquidity gaps. This liquidity reserve results from borrowing on or disposing of liquid assets.

Reporting. The Treasury Department's liquidity forecast is submitted to the Board of Managing Directors on a daily basis. The Board of Managing Directors is regularly informed of Essen Hyp's liquidity situation as part of the quarterly risk report.

Development of our liquidity ratio in accordance with *Grundsatz II*



Operational risk

Strategy. One of Essen Hyp's ongoing concerns is to keep operational risk at the lowest level possible in order to affect the economic capital as little as possible. To achieve this, we are very demanding in regard to process quality. In addition, we are forcing introduction of an IT standard and continue to develop employee sensitivity in regard to operational risk on an ongoing basis.

Organization. Essen Hyp has appointed an Op-Risk Controller in the Controlling Department, who is in constant contact with the Op-Risk Department of Commerzbank AG. The managers of each individual business unit and department are responsible for managing operational risk within their unit or department.

Management. Various different options are available to the Heads of Essen Hyp's business units and departments. The essential issue is whether risks are consciously incurred, or, rather, reduced and/or entirely prevented, avoided or transferred (for example via an insurance policy).

Risk measurement methods. Operational risk is measured on the basis of internal and external loss data and qualitative information concerning the business environment and the process quality. This information is gathered within the scope of a Quality Self Assessment (QSA). Loss distribution is determined by means of Monte-Carlo simulation models.

Reporting. The Op-Risk Department regularly produces reports on operational risk in the IT, Personnel and Legal Departments. These reports are reviewed in the Risk Committee meetings and are regularly presented and discussed in the meetings of the Board of Managing Directors. Any operational losses including legal risk are reported on a regular basis to the Board of Managing Directors and/or to the Risk Committee.

Developments over the reporting year. Op-Risk Controlling focused on the implementation of the requirements for obtaining AMA (Advanced Measurement Approach) certification within the Group. This included the following points:

In cooperation with Commerzbank AG, a new Qualitative Self Assessment was carried out in the fourth quarter of 2006. With the aid of questionnaire modules, experts from selected business units of Essen Hyp evaluated the quality of various processes, e.g. in the personnel, compliance and IT areas. The results will be assessed in the first quarter of 2007, following which any necessary measures will be taken.

After drawing up the risk inventory, a dialogue with staff helped identify and evaluate typical sources of operational risk and the losses they could engender. The result, in the form of a risk map, shows the areas of the bank in which operational risks can develop and ranks the risk potential in an evaluation queue.

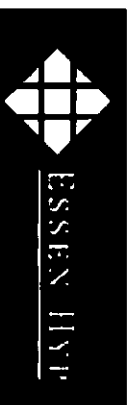
Owing to the significant use of IT systems and EDP applications, the cooperation between the Op-Risk Department and the Corporate Division Services has been further expanded. The goal of this cooperation is to ensure the functionality of the bank's IT environment so as to reduce and/or entirely avoid or prevent operational losses.

Summary and prospects

Over the reporting year, Essen Hyp has continued to develop its risk management and controlling system. The importance of risk management for a risk and return oriented overall bank management will continue to grow. Against this background, in the future we will also continue to develop our risk measurement and management processes and procedures at a high level and on an ongoing basis in concordance with forward-looking risk measurement methods. This course of action aims at ensuring optimum capital allocation. We have already reported on the risks that are of importance for an overall assessment. No other risk criteria or portfolio jeopardizing events became apparent over the reporting year. From the current perspective, no risks are apparent in the period covered by the forecast that would endanger the continuation of Essen Hyp as a going concern. We ensured that the risk coverage potential would at all times be distinctly above the level of risk incurred. The bank's risk taking capability was therefore assured at all times. As far as recognizable risks are concerned, within the scope of the annual financial statements we have taken the appropriate measures by means of write-

offs, specific valuation allowances and provisions for reserves.

Overall we pursue the goal of managing the total market risk position in a manner such that by assigning economic capital to the different business segments the overall risk position is reduced without compromising profitability.



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Risk Management

Value at risk

| Date | Utilization in % | Annual average utilization in % |
|------------|------------------|---------------------------------|
| 30/11/2007 | 40.1 | 42.9 |
| 31/10/2007 | 36.3 | 42.9 |
| 30/09/2007 | 37.3 | 42.9 |
| 31/08/2007 | 40.7 | 42.9 |
| 31/07/2007 | 30.8 | 42.9 |
| 30/06/2007 | 30.9 | 42.9 |
| 31/05/2007 | 33.9 | 42.9 |
| 30/04/2007 | 56.4 | 42.9 |
| 31/03/2007 | 42.1 | 42.9 |
| 28/02/2007 | 42.6 | 42.9 |
| 31/01/2007 | 43.7 | 42.9 |
| 31/12/2006 | 54.6 | 69.9 |

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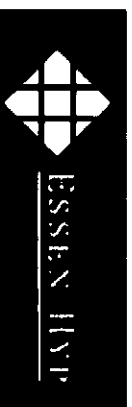
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Risk Management

Worst case scenario

| Date | Utilization in % | Annual average utilization in % |
|------------|------------------|---------------------------------|
| 31/11/2007 | 40.7 | 46.0 |
| 31/10/2007 | 38.6 | 46.0 |
| 30/09/2007 | 39.5 | 46.0 |
| 31/08/2007 | 44.3 | 46.0 |
| 31/07/2007 | 40.3 | 46.0 |
| 30/06/2007 | 42.3 | 46.0 |
| 31/05/2007 | 45.7 | 46.0 |
| 30/04/2007 | 53.7 | 46.0 |
| 31/03/2007 | 50.4 | 46.0 |
| 28/02/2007 | 48.8 | 46.0 |
| 31/01/2007 | 50.2 | 46.0 |
| 31/12/2006 | 56.3 | 55.9 |

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Risk Management

[Grundsatz I - overview](#)

Pursuant to Sections 10 (1) and 10a (1) of the German Banking Act (KWG), *Grundsatz I* establishes rules concerning the adequacy of a credit institution's equity capital. Pursuant to Grundsatz I the ratio of the liable capital of an institution to its risk weighted assets must not fall below 8% at the close of each business day (Tier II capital ratio), while the ratio of the core capital of an institution to its risk weighted assets must not fall below 4% at the close of each business day (Tier I capital ratio).

| Date | Tier I | | Tier II | |
|------------|-----------------|-------|-----------------|-------|
| | Required by law | Ratio | Required by law | Ratio |
| 30/11/2007 | 4.0 | 8.0 | 8.0 | 12.0 |
| 31/10/2007 | 4.0 | 8.0 | 8.0 | 12.0 |
| 30/09/2007 | 4.0 | 7.9 | 8.0 | 11.9 |
| 31/08/2007 | 4.0 | 7.8 | 8.0 | 11.9 |
| 31/07/2007 | 4.0 | 7.8 | 8.0 | 11.9 |
| 30/06/2007 | 4.0 | 7.7 | 8.0 | 11.9 |
| 31/05/2007 | 4.0 | 7.6 | 8.0 | 11.7 |
| 30/04/2007 | 4.0 | 7.6 | 8.0 | 11.7 |
| 31/03/2007 | 4.0 | 7.5 | 8.0 | 11.6 |
| 28/02/2007 | 4.0 | 6.7 | 8.0 | 10.8 |
| 31/01/2007 | 4.0 | 6.7 | 8.0 | 10.9 |
| 31/12/2006 | 4.0 | 6.8 | 8.0 | 10.9 |

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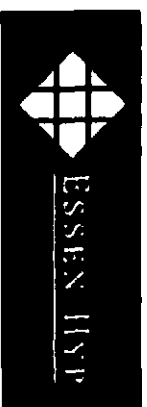
Risk Management

Grundsatz II

Grundsatz II concerns the adequacy of a credit institution's liquidity provision. It is required and sufficient that the liquid assets cover all actual and potential liquidity outflows over the following twelve months. Since December 1, 2000 German mortgage banks have to comply with *Grundsatz II*.

| Date | Ratio | Required by law |
|------------|-------|-----------------|
| 30/11/2007 | 1.13 | 1.0 |
| 31/10/2007 | 1.88 | 1.0 |
| 30/09/2007 | 1.67 | 1.0 |
| 31/08/2007 | 1.07 | 1.0 |
| 31/07/2007 | 1.16 | 1.0 |
| 30/06/2007 | 1.03 | 1.0 |
| 31/05/2007 | 1.24 | 1.0 |
| 30/04/2007 | 1.50 | 1.0 |
| 31/03/2007 | 1.10 | 1.0 |
| 28/02/2007 | 1.38 | 1.0 |
| 31/01/2007 | 1.09 | 1.0 |
| 31/12/2006 | 1.32 | 1.0 |

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Derivatives

Counterparty ratings

| Nominal amount in Euro m/Remaining time to maturity | | | | | | | | | | 30.11.2007 |
|---|-----------------|---------------|-----------------|---------------|-----------------|---------------|------------------|---------------|--|------------|
| Rating | <= 1 year | in % | 1-5 years | in % | > 5 year | in % | Total | in % | | |
| Triple A | 0.0 | 0.00 | 1,340.0 | 2.28 | 2,475.6 | 3.35 | 3,815.6 | 2.09 | | |
| Double A | 29,063.7 | 58.71 | 30,630.0 | 52.12 | 31,147.1 | 42.12 | 90,840.8 | 49.86 | | |
| Single A | 20,440.0 | 41.29 | 26,795.3 | 45.60 | 40,318.5 | 54.53 | 87,553.8 | 48.05 | | |
| Triple B | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | |
| Total | 49,503.7 | 100.00 | 58,765.3 | 100.00 | 73,941.2 | 100.00 | 182,210.2 | 100.00 | | |

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Derivatives

Yield curve distribution

Essen Hyp derivatives portfolio by instruments
Financial derivatives in Euro m / Remaining time to maturity

30.11.2007

| Instruments | <= 1 year | in % | >1-5 years | in % | >5 years | in % | Total | in % |
|---------------------------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|------------------|---------------|
| Interest rate swaps | 49,963.3 | 96.89 | 52,216.6 | 90.56 | 65,325.9 | 88.35 | 166,505.8 | 91.38 |
| Swaptions | 51.1 | 0.10 | 440.6 | 0.75 | 556.2 | 0.75 | 1,047.9 | 0.58 |
| Other interest rate derivatives | 0.0 | 0.00 | 0.0 | 0.00 | 0.00 | 0.00 | 0.0 | 0.00 |
| Currency swaps | 1,489.3 | 3.01 | 4,848.1 | 8.25 | 5,470.6 | 7.40 | 11,808.0 | 6.48 |
| Credit default swaps | 0.00 | 0.00 | 260.0 | 0.44 | 2,588.5 | 3.50 | 2,848.5 | 1.56 |
| Total | 49,503.7 | 100.00 | 58,765.3 | 100.00 | 73,941.2 | 100.00 | 182,210.2 | 100.00 |

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Investor Relations

Ratings and Analyses (as of: November 12, 2007)

Ratings

Pfandbriefe

- public-sector
- mortgage

Long-term counterparty rating

Short-term counterparty rating

Notes issued under the Debt Issuance Program

- Senior Unsecured Debt
- Subordinated Debt

Commercial Paper Program

Financial Strength


* under review for possible upgrade

Rating Reports

▷ Standard & Poor's

▷ Moody's

▷ Fitch Ratings

(Acrobat Reader required. Download Acrobat Reader )

Bank Credit Report as of June 13, 2007

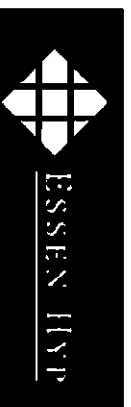
Credit Opinion as of May 18, 2007

Rating Action as of May 14, 2007

Rating Analysis as of November 01, 2007

| S & P | Moody's | Fitch Ratings |
|-----------------------|------------------------|-----------------------|
| AAA | Aaa | AAA |
| not rated | Aa1 * | AAA |
| A (outlook stable) | A1 (outlook stable) | A (outlook stable) |
| A-1 | P-1 | F1 |
| A | A1 | not rated |
| A- | A2 | not rated |
| A-1 | P-1 | not rated |
| not rated | C | C |

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Code of Conduct

Outline

In co-operation with its member institutions, the Association of German Pfandbrief Banks (vdp) has established a code of conduct for the issuers of Jumbo *Pfandbriefe*.

This Code of Conduct contains (a) rules of conduct and (b) disclosure requirements, with which the mortgage banks will voluntarily comply:

The rules of conduct nos. 1) to 3), which apply to the issuers of Jumbo *Pfandbriefe*, stipulate that

new issues and increases are to be announced duly in advance in order to make sure that there is sufficient time for the book-building process;

new issues and increases are to be marked to the market at all times;

as a rule, increases are to be launched by the laid down minimum number of market makers.

The rule of conduct no. 4) lays down minimum standards on the information to be disclosed. This will allow investors to evaluate the quality of cover assets. The information, which should be updated at least quarterly, is to be published in suitable electronic media.

Since mid-2001 Essen Hyp has been publishing detailed information about its cover pools, derivatives and interest rate risks. This information has been complemented by further details in accordance with the provisions of the Code of Conduct.

CREDIT RESEARCH
Last update: Oct 2007

» [overview](#)

SEC 28 PfandBG
Last update: Sep 2007

» [Sec. 28 \(1\) \(1-3\) PfandBG](#)

» [Sec. 28 \(2\) \(1a\) PfandBG](#)

» [Sec. 28 \(2\) \(1b,c\) PfandBG](#)

» [Sec. 28 \(2\) \(2\) PfandBG](#)

» [Sec. 28 \(3\) \(1\) PfandBG](#)

» [Sec. 28 \(3\) \(2\) PfandBG](#)

» [Archive](#)

BONDS & NOTES

» [Medium Term Notes in € \(EMTN\)](#)

» [Medium Term Notes in A\\$ \(AMTN\)](#)

COMPANY

» [Corporate Governance Code](#)

INTERNATIONAL REAL ESTATE FINANCE:

» [Europe and North America](#)

Published on our Credit Research sites

| | |
|--|---|
| New public-sector lending commitments | X |
| New mortgage lending commitments | X |
| Public-sector cover pool | X |
| Mortgage cover pool | X |
| Derivatives | X |
| Derivatives serving as cover | X |
| Cover pools at market value / development and stress scenarios | X |

The information listed above is updated at regular intervals and can be viewed in the individual sections of our Credit Research sites.

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Breakdown of non-cover assets

by rating

S & P/Moody's/Fitch

30.11.2007

Should the rating agencies come to different rating results, the worst rating is taken into account.

by rating

AAA / Aaa / AAA

AA+ / Aa1 / AA+

AA / Aa2 / AA

AA- / Aa3 / AA-

A+ / A1 / A+

A / A2 / A

A- / A3 / A-

BBB+ / Baa1 / BBB+

BBB / Baa2 / BBB

BBB- / Baa3 / BBB-

BB+ / Ba1 / BB+

BB- / Ba3 / BB-

Without rating *

Total

* - Without rating

| | In Euro m | in % |
|-------------------------------------|--------------|---------------|
| National credit institutions | 0 | 0.00 |
| International credit institutions | 0 | 0.00 |
| Other (e.g. financial institutions) | 12 | 1.16 |
| | 1,032 | 100.00 |

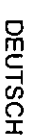
[www.esenhyp.com/eng/crediresearch/ncl/](#)

Total

12

1.16

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by borrowers

| | in % | in Euro m |
|------|------|-----------|
| 1987 | 60 | 1.000 |
| 1988 | 60 | 1.000 |
| 1989 | 60 | 1.000 |
| 1990 | 60 | 1.000 |
| 1991 | 60 | 1.000 |
| 1992 | 60 | 1.000 |
| 1993 | 60 | 1.000 |
| 1994 | 60 | 1.000 |
| 1995 | 60 | 1.000 |
| 1996 | 60 | 1.000 |
| 1997 | 60 | 1.000 |
| 1998 | 60 | 1.000 |
| 1999 | 60 | 1.000 |
| 2000 | 60 | 1.000 |
| 2001 | 60 | 1.000 |
| 2002 | 60 | 1.000 |
| 2003 | 60 | 1.000 |
| 2004 | 60 | 1.000 |
| 2005 | 60 | 1.000 |
| 2006 | 60 | 1.000 |
| 2007 | 60 | 1.000 |
| 2008 | 60 | 1.000 |
| 2009 | 60 | 1.000 |
| 2010 | 60 | 1.000 |
| 2011 | 60 | 1.000 |
| 2012 | 60 | 1.000 |
| 2013 | 60 | 1.000 |
| 2014 | 60 | 1.000 |
| 2015 | 60 | 1.000 |
| 2016 | 60 | 1.000 |
| 2017 | 60 | 1.000 |
| 2018 | 60 | 1.000 |
| 2019 | 60 | 1.000 |
| 2020 | 60 | 1.000 |
| 2021 | 60 | 1.000 |
| 2022 | 60 | 1.000 |
| 2023 | 60 | 1.000 |
| 2024 | 60 | 1.000 |
| 2025 | 60 | 1.000 |
| 2026 | 60 | 1.000 |
| 2027 | 60 | 1.000 |
| 2028 | 60 | 1.000 |
| 2029 | 60 | 1.000 |
| 2030 | 60 | 1.000 |
| 2031 | 60 | 1.000 |
| 2032 | 60 | 1.000 |
| 2033 | 60 | 1.000 |
| 2034 | 60 | 1.000 |
| 2035 | 60 | 1.000 |
| 2036 | 60 | 1.000 |
| 2037 | 60 | 1.000 |
| 2038 | 60 | 1.000 |
| 2039 | 60 | 1.000 |
| 2040 | 60 | 1.000 |
| 2041 | 60 | 1.000 |
| 2042 | 60 | 1.000 |
| 2043 | 60 | 1.000 |
| 2044 | 60 | 1.000 |
| 2045 | 60 | 1.000 |
| 2046 | 60 | 1.000 |
| 2047 | 60 | 1.000 |
| 2048 | 60 | 1.000 |
| 2049 | 60 | 1.000 |
| 2050 | 60 | 1.000 |
| 2051 | 60 | 1.000 |
| 2052 | 60 | 1.000 |
| 2053 | 60 | 1.000 |
| 2054 | 60 | 1.000 |
| 2055 | 60 | 1.000 |
| 2056 | 60 | 1.000 |
| 2057 | 60 | 1.000 |
| 2058 | 60 | 1.000 |
| 2059 | 60 | 1.000 |
| 2060 | 60 | 1.000 |
| 2061 | 60 | 1.000 |
| 2062 | 60 | 1.000 |
| 2063 | 60 | 1.000 |
| 2064 | 60 | 1.000 |
| 2065 | 60 | 1.000 |
| 2066 | 60 | 1.000 |
| 2067 | 60 | 1.000 |
| 2068 | 60 | 1.000 |
| 2069 | 60 | 1.000 |
| 2070 | 60 | 1.000 |
| 2071 | 60 | 1.000 |
| 2072 | 60 | 1.000 |
| 2073 | 60 | 1.000 |
| 2074 | 60 | 1.000 |
| 2075 | 60 | 1.000 |
| 2076 | 60 | 1.000 |
| 2077 | 60 | 1.000 |
| 2078 | 60 | 1.000 |
| 2079 | 60 | 1.000 |
| 2080 | 60 | 1.000 |
| 2081 | 60 | 1.000 |
| 2082 | 60 | 1.000 |
| 2083 | 60 | 1.000 |
| 2084 | 60 | 1.000 |
| 2085 | 60 | 1.000 |
| 2086 | 60 | 1.000 |
| 2087 | 60 | 1.000 |
| 2088 | 60 | 1.000 |
| 2089 | 60 | 1.000 |
| 2090 | 60 | 1.000 |
| 2091 | 60 | 1.000 |
| 2092 | 60 | 1.000 |
| 2093 | 60 | 1.000 |
| 2094 | 60 | 1.000 |
| 2095 | 60 | 1.000 |
| 2096 | 60 | 1.000 |
| 2097 | 60 | 1.000 |
| 2098 | 60 | 1.000 |
| 2099 | 60 | 1.000 |
| 2100 | 60 | 1.000 |

00:00

34 3.29

207 20.06

693 67.15

98 9.50

1,032 100.00

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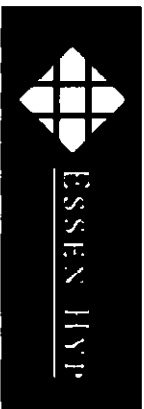
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Breakdown of non-cover assets

by countries

| | 30.11.2007 |
|--|--------------|
| by countries | |
| Germany | in Euro m |
| EU member states without Germany | 0 |
| The Netherlands | 0.00 |
| France | 25 |
| Denmark | 0 |
| Austria | 0 |
| Belgium | 0 |
| Great Britain | 123 |
| Ireland | 153 |
| Italy | 0 |
| Spain | 172 |
| Finland | 0 |
| Sweden | 0 |
| Estonia | 0 |
| Hungary | 0 |
| Total EU without Germany | 473 |
| Non EU member states in Western Europe | 12 |
| Others | 547 |
| Total | 1,032 |
| | in % |
| | 2.42 |
| | 0.00 |
| | 0.00 |
| | 0.00 |
| | 0.00 |
| | 0.00 |
| | 11.92 |
| | 14.83 |
| | 0.00 |
| | 0.00 |
| | 16.67 |
| | 0.00 |
| | 0.00 |
| | 0.00 |
| | 0.00 |
| | 45.84 |
| | 1.16 |
| | 53.00 |
| | 100.00 |

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Breakdown of non-cover assets

by risk weighting

| Risk weighting | | 30.11.2007 |
|----------------|-----------|------------|
| | in Euro m | in % |
| 0% | 19 | 1.84 |
| 10% | 0 | 0.00 |
| 20% | 890 | 86.24 |
| 100% | 123 | 11.92 |
| Total | 1,032 | 100.00 |

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Non-cover loans - Breakdown of new lending commitments

by rating

S & P/Moody's/Fitch

Should the rating agencies come to different rating results, the worst rating is taken into account.

| by rating | in Euro m | 30.11.2007 | in % |
|--------------------|------------|------------|---------------|
| AAA / Aaa / AAA | 98 | | 33.11 |
| AA+ / Aa1 / AA+ | 0 | | 0.00 |
| AA / Aa2 / AA | 2 | | 0.68 |
| AA- / Aa3 / AA- | 67 | | 22.64 |
| A+ / A1 / A+ | 0 | | 0.00 |
| A / A2 / A | 7 | | 2.36 |
| A- / A3 / A- | 122 | | 41.21 |
| BBB+ / Baa1 / BBB+ | 0 | | 0.00 |
| BBB / Baa2 / BBB | 0 | | 0.00 |
| Without Rating | 0 | | 0.00 |
| Total | 296 | | 100.00 |

* - Without rating

| | in Euro m | in % |
|-------------------------------------|-----------|-------------|
| National credit institutions | 0 | 0.00 |
| International credit institutions | 0 | 0.00 |
| Other (e.g. financial institutions) | 0 | 0.00 |
| Total | 0 | 0.00 |

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Non-cover loans - Breakdown of new lending commitments

by borrowers

| | 30.11.2007 | |
|--|------------|---------------|
| by borrowers | | |
| National credit institutions | 7 | 2.36 |
| Foreign Governments and municipalities | 67 | 22.64 |
| International credit institutions | 0 | 0.00 |
| Other foreign financial institutions (guaranteed by national or international credit institutions) | 124 | 41.89 |
| Others | 98 | 33.11 |
| Total | 296 | 100.00 |

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Non-cover loans - Breakdown of new lending commitments

by countries

| | 30.11.2007 |
|--|---------------|
| by countries | in % |
| Germany | 0.00 |
| EU member states without Germany | 0.00 |
| The Netherlands | 0.00 |
| Belgium | 0.00 |
| France | 0.00 |
| Austria | 0.00 |
| Denmark | 0.00 |
| Great Britain | 33.11 |
| Ireland | 0.00 |
| Italy | 0.00 |
| Spain | 0.00 |
| Finland | 0.00 |
| Sweden | 0.00 |
| Estonia | 0.00 |
| Hungary | 0.00 |
| Total EU without Germany | 33.11 |
| Non EU member states in Western Europe | 0.00 |
| Others | 66.89 |
| Total | 100.00 |

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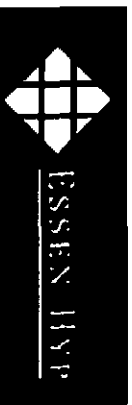
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Non-cover loans - Breakdown of new lending commitments

by risk weighting

| Risk weighting | 30.11.2007 | |
|----------------|------------|---------------|
| | in Euro m | in % |
| 0% | 25 | 8,45 |
| 10% | 0 | 0,00 |
| 20% | 173 | 58,44 |
| 100% | 98 | 33,11 |
| Total | 296 | 100,00 |

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Breakdown of mortgage portfolio

by type of property, region and LTV

Commercial Properties in Euro m

30.09.2007

| Purpose of property | Country* | LTV up to 60% | in % | of which used as cover | in % | LTV 61-80 % | in % | LTV 81-90 % | in % | LTV >90 % | in % | Total | in % |
|-------------------------------------|-------------------|---------------|------|------------------------|------|-------------|------|-------------|------|-----------|------|-------|------|
| Office and administrative buildings | Foreign countries | 533,5 | 31,3 | 235,2 | 25,6 | 186,8 | 47,3 | 63,1 | 28,9 | 46,2 | 24,2 | 829,6 | 34,4 |
| | West ** | 424,7 | 24,9 | 262,8 | 28,7 | 55,8 | 14,1 | 19,3 | 15,9 | 51,0 | 26,7 | 550,8 | 22,8 |
| | East *** | 11,2 | 0,7 | 13,9 | 1,5 | 2,9 | 0,7 | 1,0 | 0,8 | 0,0 | 0,0 | 15,1 | 0,6 |
| Building sites | Foreign countries | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| | West ** | 1,2 | 0,1 | 0,0 | 0,0 | 0,1 | 0,0 | 0,0 | 0,0 | 1,1 | 0,6 | 2,4 | 0,1 |
| | East *** | 0,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,1 | 0,0 |
| Factory buildings | Foreign countries | 9,6 | 0,6 | 0,0 | 0,0 | 3,2 | 0,8 | 1,6 | 1,3 | 5,5 | 2,9 | 19,9 | 0,8 |
| | West ** | 42,9 | 2,5 | 29,2 | 3,2 | 4,6 | 1,2 | 1,5 | 1,2 | 4,1 | 2,1 | 53,1 | 2,2 |
| | East *** | 1,6 | 0,1 | 0,0 | 0,0 | 0,5 | 0,1 | 0,2 | 0,2 | 0,0 | 0,0 | 2,3 | 0,1 |
| Shops | Foreign countries | 86,0 | 5,0 | 0,0 | 0,0 | 45,7 | 11,6 | 12,3 | 10,2 | 37,9 | 19,8 | 181,9 | 7,5 |
| | West ** | 287,5 | 16,9 | 199,0 | 21,7 | 33,5 | 8,5 | 3,0 | 2,5 | 4,2 | 2,2 | 328,2 | 13,6 |
| | East *** | 61,0 | 3,6 | 37,7 | 4,1 | 15,7 | 4,0 | 6,4 | 5,3 | 5,4 | 2,8 | 88,5 | 3,7 |
| Hotels and restaurants | Foreign countries | 20,7 | 1,2 | 19,0 | 2,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 20,7 | 0,9 |
| | West ** | 16,3 | 1,0 | 2,7 | 0,3 | 6,6 | 1,7 | 2,2 | 1,8 | 9,2 | 4,8 | 34,3 | 1,4 |
| | East *** | 19,6 | 1,1 | 7,1 | 0,8 | 6,1 | 1,5 | 2,4 | 2,0 | 18,3 | 9,6 | 46,4 | 1,9 |
| Other non-residential properties | Foreign countries | 1,0 | 0,1 | 0,0 | 0,0 | 0,3 | 0,1 | 0,2 | 0,2 | 0,2 | 0,1 | 1,7 | 0,1 |
| | West ** | 119,5 | 7,0 | 74,9 | 8,2 | 25,9 | 6,6 | 6,5 | 5,4 | 7,3 | 3,8 | 159,2 | 6,6 |
| | East *** | 11,0 | 0,6 | 10,7 | 1,2 | 3,3 | 0,8 | 0,8 | 0,7 | 0,0 | 0,0 | 15,1 | 0,6 |
| Warehouses and | Foreign countries | 22,3 | 1,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 22,3 | 0,9 |

| | | | | | | | | | | | | | |
|---|-------------------|---------------|-------|------------------------|-------|-------------|-------|-------------|-------|-----------|-------|---------|-------|
| **** | West ** | 34.8 | 2.0 | 24.9 | 2.7 | 4.0 | 1.0 | 0.6 | 0.5 | 0.6 | 0.3 | 40.0 | 1.7 |
| exhibition buildings | East *** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | Foreign countries | 673.1 | 39.5 | 254.2 | 27.7 | 236.0 | 59.8 | 77.2 | 63.8 | 89.8 | 47.0 | 1,076.1 | 44.6 |
| commercial properties | West ** | 926.9 | 54.4 | 593.5 | 64.7 | 130.5 | 33.0 | 33.1 | 27.3 | 77.5 | 40.6 | 1,168.0 | 48.5 |
| | East *** | 104.5 | 6.1 | 69.4 | 7.6 | 28.5 | 7.2 | 10.8 | 8.9 | 23.7 | 12.4 | 167.5 | 6.9 |
| | Total | 1,704.5 | 100.0 | 917.1 | 100.0 | 395.0 | 100.0 | 121.1 | 100.0 | 191.0 | 100.0 | 2,411.6 | 100.0 |
| Residential Properties in Euro m | | | | | | | | | | | | | |
| Purpose of property | Country* | LTV up to 60% | in % | of which used as cover | in % | LTV 61-80 % | in % | LTV 81-90 % | in % | LTV >90 % | in % | Total | in % |
| Owned houses | Foreign countries | 4.2 | 0.1 | 0.0 | 0.0 | 0.4 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 4.6 | 0.1 |
| | West ** | 3,524.7 | 62.4 | 2,563.3 | 62.7 | 143.1 | 51.3 | 5.6 | 24.7 | 3.4 | 9.9 | 3,676.8 | 61.4 |
| | East *** | 470.5 | 8.3 | 319.1 | 7.8 | 27.3 | 9.8 | 1.5 | 6.6 | 0.6 | 1.7 | 499.9 | 8.4 |
| Owned flats | Foreign countries | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 |
| | West ** | 983.5 | 17.4 | 759.6 | 18.6 | 45.8 | 16.4 | 2.5 | 11.0 | 1.4 | 4.1 | 1,033.2 | 17.3 |
| | East *** | 48.9 | 0.9 | 36.8 | 0.9 | 2.0 | 0.7 | 0.2 | 0.9 | 0.2 | 0.6 | 51.3 | 0.9 |
| Residential construction for letting purposes | Foreign countries | 25.9 | 0.5 | 0.5 | 0.0 | 8.5 | 3.0 | 1.4 | 6.2 | 0.0 | 0.0 | 35.8 | 0.6 |
| | West ** | 493.0 | 8.7 | 369.2 | 9.0 | 42.8 | 15.3 | 8.7 | 38.3 | 18.8 | 54.7 | 563.3 | 9.4 |
| | East *** | 97.6 | 1.7 | 40.3 | 1.0 | 9.0 | 3.2 | 2.8 | 12.3 | 10.0 | 29.1 | 119.4 | 2.0 |
| Total residential properties | Foreign countries | 30.3 | 0.5 | 0.5 | 0.0 | 8.9 | 3.2 | 1.4 | 6.2 | 0.0 | 0.0 | 40.6 | 0.7 |
| | West ** | 5,001.2 | 88.6 | 3,692.1 | 90.3 | 231.7 | 83.1 | 16.8 | 74.0 | 23.6 | 68.6 | 5,273.3 | 88.1 |
| | East *** | 617.0 | 10.9 | 396.2 | 9.7 | 38.3 | 13.7 | 4.5 | 19.8 | 10.8 | 31.4 | 670.6 | 11.2 |
| | Total | 5,648.5 | 100.0 | 4,088.8 | 100.0 | 278.9 | 100.0 | 22.7 | 100.0 | 34.4 | 100.0 | 5,984.5 | 100.0 |
| Total mortgage loans | Country* | LTV up to 60% | in % | of which used as cover | in % | LTV 61-80 % | in % | LTV 81-90 % | in % | LTV >90 % | in % | Total | in % |
| | Foreign countries | 703.4 | 63.1 | 254.7 | 5.1 | 244.9 | 21.9 | 78.6 | 7.0 | 89.8 | 8.0 | 1,116.7 | 13.3 |
| | West ** | 5,928.1 | 92.1 | 4,285.6 | 85.6 | 362.2 | 5.6 | 49.9 | 0.8 | 101.1 | 1.6 | 6,441.3 | 76.7 |
| | East *** | 721.5 | 86.1 | 465.6 | 9.3 | 66.8 | 8.0 | 15.3 | 1.8 | 34.5 | 4.1 | 838.1 | 10.0 |
| | Total | 7,353.0 | 87.6 | 5,005.9 | 100.0 | 673.9 | 8.0 | 143.8 | 1.7 | 225.4 | 2.7 | 8,396.1 | 100.0 |

* - The figures comprise completely drawn loans and, for loans not yet made available in total, the drawn parts of the loans. Lending commitments are not taken into account.

** - West German Federal States including Berlin

*** - East German Federal States

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Mortgage loans

Breakdown of mortgage portfolio
Foreign loans by type of property, country and LTV

Commercial Properties in Euro m

30.09.2007

| Purpose of property | Country* | LTV up to 60% | of which used as cover | LTV 61-80% | LTV 81-90% | LTV >90% | Total | in % |
|-------------------------------------|-----------------|---------------|------------------------|------------|------------|----------|-------|------|
| Office and administrative buildings | United States | 10.2 | 0.0 | 54.2 | 13.9 | 16.1 | 94.0 | 8.7 |
| | England | 121.6 | 75.2 | 47.7 | 28.5 | 22.8 | 220.6 | 20.5 |
| | France | 86.7 | 32.2 | 8.9 | 1.1 | 1.2 | 97.9 | 9.0 |
| | Canada | 20.7 | 0.0 | 6.9 | 3.5 | 3.5 | 34.6 | 3.2 |
| | The Netherlands | 52.8 | 40.3 | 12.8 | 0.0 | 0.0 | 65.6 | 6.1 |
| | Poland | 17.3 | 0.0 | 1.9 | 0.0 | 0.0 | 19.2 | 1.8 |
| | Switzerland | 106.5 | 87.5 | 35.5 | 16.5 | 2.6 | 161.1 | 15.0 |
| | Spain | 66.5 | 0.0 | 16.1 | 0.0 | 0.0 | 82.6 | 7.7 |
| | Austria | 51.2 | 0.0 | 2.8 | 0.0 | 0.0 | 54.0 | 5.0 |
| | Czech Republik | 9.6 | 0.0 | 3.2 | 1.6 | 5.5 | 19.9 | 1.8 |
| Factory buildings | United States | 5.0 | 0.0 | 24.9 | 8.6 | 3.0 | 41.5 | 3.9 |
| Shops | England | 58.5 | 0.0 | 13.3 | 0.0 | 25.9 | 97.7 | 9.1 |
| | Poland | 22.5 | 0.0 | 7.5 | 3.7 | 9.0 | 42.7 | 4.0 |
| Hotels and restaurants | France | 19.0 | 19.0 | 0.0 | 0.0 | 0.0 | 19.0 | 1.8 |
| | Spain | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 | 1.7 | 0.2 |
| other nonresidential properties | England | 1.0 | 0.0 | 0.3 | 0.2 | 0.2 | 1.7 | 0.2 |
| Warehouse and exhibition buildings | France | 22.3 | 0.0 | 0.0 | 0.0 | 0.0 | 22.3 | 2.1 |
| Total commercial | United States | 15.2 | 0.0 | 79.1 | 22.1 | 19.1 | 135.5 | 12.6 |

| Type of properties | LTV | | | | | | | | | |
|---|-----------------|---------------|------------------------|--------------|-------------|-------------|----------------|--------------|--|--|
| | <60% | 61-80% | 81-90% | >90% | Total | in % | | | | |
| owned flats | Belgium | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | |
| | England | 181.1 | 75.2 | 61.3 | 28.7 | 48.9 | 320.0 | 29.8 | | |
| | France | 128.0 | 51.2 | 8.9 | 1.1 | 1.2 | 139.2 | 12.9 | | |
| | Canada | 20.7 | 0.0 | 6.9 | 3.5 | 3.5 | 34.6 | 3.2 | | |
| | Czech Republik | 9.6 | 0.0 | 3.2 | 1.6 | 5.5 | 19.9 | 1.8 | | |
| | The Netherlands | 52.8 | 40.3 | 12.8 | 0.0 | 0.0 | 65.6 | 6.1 | | |
| | Poland | 39.8 | 0.0 | 9.4 | 3.7 | 9.0 | 61.9 | 5.8 | | |
| | Switzerland | 106.5 | 87.5 | 35.5 | 16.5 | 2.6 | 161.1 | 15.0 | | |
| | Spain | 68.2 | 0.0 | 16.1 | 0.0 | 0.0 | 84.3 | 7.8 | | |
| | Austria | 51.2 | 0.0 | 2.8 | 0.0 | 0.0 | 54.0 | 5.0 | | |
| | Total | 673.1 | 254.2 | 236.0 | 77.2 | 89.8 | 1,076.1 | 100.0 | | |
| 30.06.2007 | | | | | | | | | | |
| Total in Euro m | | | | | | | | | | |
| Purpose of property | Country* | LTV up to 60% | of which used as cover | LTV 61-80% | LTV 81-90% | LTV >90% | Total | in % | | |
| | | | | | | | | | | |
| owned houses | France | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.5 | | |
| | Austria | 0.4 | 0.0 | 0.1 | 0.0 | 0.0 | 0.5 | 1.2 | | |
| | France | 3.8 | 0.0 | 0.3 | 0.0 | 0.0 | 4.1 | 10.1 | | |
| | United States | 25.4 | 0.0 | 8.5 | 1.4 | 0.0 | 35.3 | 87.0 | | |
| | Belgium | 0.5 | 0.5 | 0.0 | 0.0 | 0.0 | 0.5 | 1.2 | | |
| | Austria | 0.4 | 0.0 | 0.1 | 0.0 | 0.0 | 0.5 | 1.2 | | |
| | United States | 25.4 | 0.0 | 8.5 | 1.4 | 0.0 | 35.3 | 87.0 | | |
| | Belgium | 0.5 | 0.5 | 0.0 | 0.0 | 0.0 | 0.5 | 1.2 | | |
| | France | 4.0 | 0.0 | 0.3 | 0.0 | 0.0 | 4.3 | 10.6 | | |
| | Total | 30.3 | 0.5 | 8.9 | 1.4 | 0.0 | 40.6 | 100.0 | | |
| 30.09.2007 | | | | | | | | | | |
| Total in Euro m | | | | | | | | | | |
| Mortgage loans | Country* | LTV up to 60% | of which used as cover | LTV 61-80% | LTV 81-90% | LTV >90% | Total | in % | | |
| | | | | | | | | | | |
| Residential construction for letting purposes | Austria | 51.6 | 0.0 | 2.9 | 0.0 | 0.0 | 54.5 | 4.9 | | |
| | Total | 51.6 | 0.0 | 2.9 | 0.0 | 0.0 | 54.5 | 4.9 | | |
| 30.09.2007 | | | | | | | | | | |
| Total in Euro m | | | | | | | | | | |

| | | | | | | | |
|-----------------|--------------|--------------|--------------|-------------|-------------|----------------|--------------|
| United States | 40.6 | 0.0 | 87.6 | 23.5 | 19.1 | 170.8 | 15.3 |
| Belgium | 0.5 | 0.5 | 0.0 | 0.0 | 0.0 | 0.5 | 0.0 |
| England | 181.1 | 75.2 | 61.3 | 28.7 | 48.9 | 320.0 | 28.8 |
| France | 132.0 | 51.2 | 9.2 | 1.1 | 1.2 | 143.5 | 12.8 |
| Canada | 20.7 | 0.0 | 6.9 | 3.5 | 3.5 | 34.6 | 3.1 |
| Czech Republik | 9.6 | 0.0 | 3.2 | 1.6 | 5.5 | 19.9 | 1.8 |
| The Netherlands | 52.8 | 40.3 | 12.8 | 0.0 | 0.0 | 65.6 | 5.9 |
| Poland | 39.8 | 0.0 | 9.4 | 3.7 | 9.0 | 61.9 | 5.5 |
| Switzerland | 106.5 | 87.5 | 35.5 | 16.5 | 2.6 | 161.1 | 14.4 |
| Spain | 68.2 | 0.0 | 16.1 | 0.0 | 0.0 | 84.3 | 7.5 |
| Total | 703.4 | 254.7 | 244.9 | 78.6 | 89.8 | 1,116.7 | 100.0 |

* - The figures comprise completely drawn loans and, for loans not yet made available in total, the drawn parts of the loans. Lending commitments are not taken into account.

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Mortgage loans - Cover pool at market value

Development / Stress scenario

| Date | Market value (cover pool) | Market value (mortgage Pfandbriefe) | Market value surplus cover in € m | Surplus cover in % | Market value (dynamic approach) | |
|------------|------------------------------|--|---|-----------------------|--|--|
| | | | | | Surplus cover in € m in the case of rising yields | Surplus cover in % in the case of rising yields |
| 30.11.2007 | 6,088.40 | 5,347.56 | 740.84 | 13.85 | 584.40 | 11.36 |
| 31.10.2007 | 5,997.22 | 5,281.79 | 715.43 | 13.55 | 550.88 | 10.84 |
| 30.09.2007 | 5,995.52 | 5,606.67 | 388.85 | 6.94 | 235.68 | 4.36 |
| 31.08.2007 | 5,456.88 | 4,994.22 | 462.66 | 9.26 | 363.73 | 7.59 |
| 31.07.2007 | 5,262.30 | 4,547.19 | 715.11 | 15.73 | 598.24 | 13.67 |
| 30.06.2007 | 5,197.31 | 4,478.03 | 719.28 | 16.06 | 590.80 | 13.67 |
| 31.05.2007 | 4,883.93 | 4,492.26 | 391.67 | 8.72 | 294.20 | 6.80 |
| 30.04.2007 | 4,799.82 | 4,494.86 | 304.96 | 6.78 | 218.69 | 5.05 |
| 31.03.2007 | 5,361.60 | 4,485.30 | 876.30 | 19.54 | 865.48 | 20.03 |
| 28.02.2007 | 4,818.40 | 4,493.78 | 324.62 | 7.22 | 244.48 | 5.65 |
| 31.01.2007 | 4,750.73 | 4,478.77 | 271.96 | 6.07 | 196.81 | 4.57 |
| 31.12.2006 | 4,479.37 | 4,538.27 | 211.10 | 4.65 | 133.19 | 3.05 |
| | | | | | 302.55 | 6.41 |

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Mortgage loans

Breakdown of cover pool

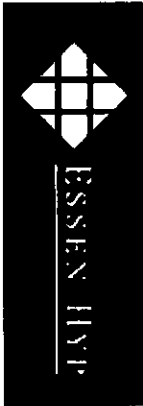
Surplus cover

all amounts in Euro m

| Date | Mortgage Pfandbriefe outstanding | cover | Surplus cover | in % | Not yet serving as cover |
|------------|--|----------|------------------|-------|--------------------------------|
| 30/11/2007 | 5,422.29 | 6,067.56 | 645.27 | 11.90 | 2,302.44 |
| 31/10/2007 | 5,372.25 | 6,013.37 | 641.12 | 11.93 | 2,257.64 |
| 30/09/2007 | 5,709.72 | 6,034.87 | 325.15 | 5.69 | 2,227.11 |
| 31/08/2007 | 5,092.59 | 5,423.03 | 330.44 | 6.49 | 2,648.08 |
| 31/07/2007 | 4,667.55 | 5,245.28 | 577.73 | 12.38 | 2,930.82 |
| 30/06/2007 | 4,617.00 | 5,203.27 | 586.27 | 12.70 | 2,927.04 |
| 31/05/2007 | 4,607.48 | 4,812.40 | 204.92 | 4.45 | 2,901.46 |
| 30/04/2007 | 4,573.23 | 4,671.03 | 97.80 | 2.14 | 2,920.23 |
| 31/03/2007 | 4,548.19 | 4,843.75 | 295.56 | 6.50 | 2,881.98 |
| 28/02/2007 | 4,532.31 | 4,885.85 | 353.54 | 7.80 | 2,846.56 |
| 31/01/2007 | 4,542.22 | 4,836.07 | 293.85 | 6.47 | 2,778.49 |
| 31/12/2006 | 4,582.18 | 4,823.05 | 240.87 | 5.26 | 2,780.04 |

* For technical reasons (e.g. due to the absence of evidence that the loan is secured by a first mortgage). The loans are usually included in the cover pool within not more than three months.

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Mortgage loans

Breakdown of non-cover assets

Loans with a LTV > 60%

Loans with a LTV exceeding 60% are not eligible to serve as cover for mortgage Pfandbriefe.

| Date | in % |
|------------|-------|
| 30/11/2007 | 13.87 |
| 31/10/2007 | 13.92 |
| 30/09/2007 | 13.90 |
| 31/08/2007 | 13.98 |
| 31/07/2007 | 13.50 |
| 30/06/2007 | 13.46 |
| 31/05/2007 | 13.49 |
| 30/04/2007 | 13.60 |
| 31/03/2007 | 13.50 |
| 28/02/2007 | 13.59 |
| 31/01/2007 | 13.61 |
| 31/12/2006 | 13.47 |

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Mortgage loans

Breakdown of new lending commitments

Domestic loans by type of property, region and LTV

| Commercial Properties in Euro m | | | | | | | | | | | | |
|-------------------------------------|--------------------|---------------|------|------------------------|------|-------------|------|-------------|------|-----------|------|-------|
| 30.09.2007 | | | | | | | | | | | | |
| Purpose of property | Country* | LTV up to 60% | in % | of which used as cover | in % | LTV 61-80 % | in % | LTV 81-90 % | in % | LTV >90 % | in % | Total |
| Office and administrative buildings | Foreign countries | 111.6 | 33.8 | 0.0 | 0.0 | 18.1 | 37.9 | 5.1 | 52.0 | 8.4 | 23.0 | 143.2 |
| | West ** | 64.7 | 19.6 | 0.0 | 0.0 | 1.5 | 3.1 | 0.0 | 0.0 | 0.0 | 0.0 | 66.2 |
| | East *** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Building sites | Foreign countries | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | West ** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 | 0.1 |
| | East *** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Factory buildings | Foreign countries | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | West ** | 1.5 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 |
| | East *** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Shops | Foreign countries | 58.5 | 17.7 | 0.0 | 0.0 | 13.3 | 27.9 | 0.0 | 0.0 | 25.9 | 70.8 | 97.7 |
| | West ** | 61.5 | 18.6 | 0.3 | 1.9 | 12.6 | 26.4 | 3.6 | 36.7 | 0.0 | 0.0 | 77.7 |
| | East *** | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| Hotels and restaurants | Foreign countries | 19.0 | 5.8 | 19.0 | 98.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 19.0 |
| | West ** | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| | East *** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other non-residential properties | Foreign countries | 1.0 | 0.3 | 0.0 | 0.0 | 0.3 | 0.6 | 0.2 | 2.0 | 0.2 | 0.5 | 1.7 |
| | West ** | 8.0 | 2.4 | 0.0 | 0.0 | 1.6 | 3.4 | 0.7 | 7.1 | 1.5 | 4.1 | 11.8 |
| | East *** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Where | Excluded countries | n n | n n | n n | n n | n n | n n | n n | n n | n n | n n | n n |

| Purpose of property | Country* | LTV up to 60% | in % | of which used as cover | in % | LTV 61-80 % | in % | LTV 81-90 % | in % | LTV >90 % | in % | Total | in % |
|---|-------------------|---------------|-------|------------------------|-------|-------------|-------|-------------|-------|-----------|-------|-------|-------|
| | | | | | | | | | | | | | |
| Other- houses and exhibition buildings | Foreign countries | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | West ** | 3.6 | 1.1 | 0.0 | 0.0 | 0.3 | 0.6 | 0.2 | 2.0 | 0.5 | 1.4 | 4.6 | 1.1 |
| | East *** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Foreign countries | 190.1 | 57.6 | 19.0 | 98.4 | 31.7 | 66.5 | 5.3 | 54.1 | 34.5 | 94.3 | 261.6 | 61.8 |
| | West ** | 139.5 | 42.3 | 0.3 | 1.6 | 16.0 | 33.5 | 4.5 | 45.9 | 2.1 | 5.7 | 162.1 | 38.2 |
| Total commercial properties | East *** | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 |
| | Total | 329.8 | 100.0 | 19.3 | 100.0 | 47.7 | 100.0 | 9.8 | 100.0 | 36.6 | 100.0 | 423.9 | 100.0 |
| Residential Properties in Euro m | | | | | | | | | | | | | |
| Owned houses | Foreign countries | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | West ** | 170.5 | 61.1 | 1.6 | 23.5 | 18.7 | 48.2 | 1.8 | 40.9 | 0.6 | 0.0 | 191.6 | 59.0 |
| | East *** | 22.7 | 8.1 | 0.0 | 0.0 | 2.0 | 5.2 | 0.1 | 2.3 | 0.3 | 0.0 | 25.1 | 7.7 |
| | Foreign countries | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | West ** | 38.9 | 13.9 | 0.4 | 5.9 | 5.1 | 13.1 | 0.7 | 15.9 | 0.2 | 0.0 | 44.9 | 13.8 |
| Owned flats | East *** | 1.3 | 0.5 | 0.0 | 0.0 | 0.1 | 0.3 | 0.1 | 2.3 | 0.0 | 0.0 | 1.5 | 0.5 |
| | Foreign countries | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Residential construction for letting purposes | West ** | 41.9 | 15.0 | 2.3 | 33.8 | 11.8 | 30.4 | 1.3 | 29.5 | 1.2 | 0.0 | 56.2 | 17.3 |
| | East *** | 3.8 | 1.4 | 2.5 | 36.8 | 1.1 | 2.8 | 0.4 | 9.1 | 0.0 | 0.0 | 5.3 | 1.6 |
| | Foreign countries | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | West ** | 251.3 | 90.0 | 4.3 | 63.2 | 35.6 | 91.8 | 3.8 | 86.4 | 2.0 | 0.0 | 292.7 | 90.2 |
| | East *** | 27.8 | 10.0 | 2.5 | 36.8 | 3.2 | 8.2 | 0.6 | 13.6 | 0.3 | 0.0 | 31.9 | 9.8 |
| Total residential properties | Total | 279.1 | 100.0 | 6.8 | 100.0 | 38.8 | 100.0 | 4.4 | 100.0 | 2.3 | 0.0 | 324.6 | 100.0 |
| Total mortgage loans | Country* | LTV up to 60% | in % | of which used as cover | in % | LTV 61-80 % | in % | LTV 81-90 % | in % | LTV >90 % | in % | Total | in % |
| | Foreign countries | 190.1 | 72.7 | 19.0 | 72.6 | 31.7 | 12.1 | 5.3 | 2.0 | 34.5 | 13.2 | 261.6 | 34.9 |
| | West ** | 390.8 | 86.0 | 4.6 | 17.8 | 51.6 | 11.3 | 8.3 | 1.8 | 4.1 | 0.9 | 454.8 | 60.8 |
| | East *** | 28.0 | 87.2 | 2.5 | 9.6 | 3.2 | 10.0 | 0.6 | 1.9 | 0.3 | 0.9 | 32.1 | 4.3 |
| | Total | 608.9 | 81.3 | 26.1 | 100.0 | 86.5 | 11.6 | 14.2 | 1.9 | 38.9 | 5.2 | 748.5 | 100.0 |

* - The figures comprise completely drawn loans and, for loans not yet made available in total, the drawn parts of the loans. Lending commitments are not taken into account.

** West Germany, East Germany, Austria, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland, United Kingdom, Belgium, Luxembourg, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland, United Kingdom, Belgium, Luxembourg

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Mortgage loans

Breakdown of new lending commitments
Foreign loans by type of property, country and LTV

Commercial Properties in Euro m

30.09.2007

| Mortgage loans | Country* | LTV up to 60% | of which used as cover | LTV 61-80 % | LTV 81-90 % | LTV >90 % | Total | in % |
|---|-----------------|---------------------|------------------------------------|-------------------|-------------------|-----------------|--------------|--------------|
| Office and administrative buildings | France | 19.6 | 0.0 | 6.5 | 3.2 | 4.3 | 33.6 | 12.8 |
| | Austria | 51.2 | 0.0 | 2.8 | 0.0 | 0.0 | 54.0 | 20.7 |
| | England | 7.6 | 0.0 | 2.6 | 1.3 | 1.5 | 13.0 | 5.0 |
| | Poland | 17.3 | 0.0 | 1.9 | 0.0 | 0.0 | 19.2 | 7.3 |
| | Switzerland | 3.9 | 0.0 | 1.3 | 0.6 | 2.6 | 8.4 | 3.2 |
| | The Netherlands | 12.0 | 0.0 | 3.0 | 0.0 | 0.0 | 15.0 | 5.7 |
| Shops | England | 58.5 | 0.0 | 13.3 | 0.0 | 25.9 | 97.7 | 37.4 |
| hotels and restaurants | France | 19.0 | 19.0 | 0.0 | 0.0 | 0.0 | 19.0 | 7.3 |
| other nonresidential properties | England | 1.0 | 0.0 | 0.3 | 0.2 | 0.2 | 1.7 | 0.6 |
| Total commercial properties | France | 38.6 | 19.0 | 6.5 | 3.2 | 4.3 | 52.6 | 20.1 |
| | Austria | 51.2 | 0.0 | 2.8 | 0.0 | 0.0 | 54.0 | 20.7 |
| | England | 67.1 | 0.0 | 16.2 | 1.5 | 27.6 | 112.4 | 43.0 |
| | Poland | 17.3 | 0.0 | 1.9 | 0.0 | 0.0 | 19.2 | 7.3 |
| | Switzerland | 3.9 | 0.0 | 1.3 | 0.6 | 2.6 | 8.4 | 3.2 |
| | The Netherlands | 12.0 | 0.0 | 3.0 | 0.0 | 0.0 | 15.0 | 5.7 |
| | Total | 190.1 | 19.0 | 31.7 | 5.3 | 34.5 | 261.6 | 100.0 |

Residential Properties in Euro m

30.09.2007

| Purpose of property | Country* | LTV up to 60% | of which used as cover | LTV 61-80% | LTV 81-90% | LTV >90% | Total | in % |
|---|----------|---------------|------------------------|------------|------------|----------|-------|------|
| owned houses | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Residential construction for letting purposes | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total residential properties | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Total | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Total in Euro m

30.09.2007

| Mortgage loans | | | | | | |
|-----------------|---------------|------------------------|------------|------------|----------|-------------|
| Country* | LTV up to 60% | of which used as cover | LTV 61-80% | LTV 81-90% | LTV >90% | Total in % |
| Austria | 51.2 | 0.0 | 2.8 | 0.0 | 0.0 | 54.0 20.7 |
| France | 38.6 | 19.0 | 6.5 | 3.2 | 4.3 | 52.6 20.1 |
| England | 67.1 | 0.0 | 16.2 | 1.5 | 27.6 | 112.4 43.0 |
| Poland | 17.3 | 0.0 | 1.9 | 0.0 | 0.0 | 19.2 7.3 |
| Switzerland | 3.9 | 0.0 | 1.3 | 0.6 | 2.6 | 8.4 3.2 |
| The Netherlands | 12.0 | 0.0 | 3.0 | 0.0 | 0.0 | 15.0 5.7 |
| Total | 190.1 | 19.0 | 31.7 | 5.3 | 34.5 | 261.6 100.0 |

*- The figures comprise completely drawn loans and, for loans not yet made available in total, the drawn parts of the loans. Lending commitments are not taken into account.



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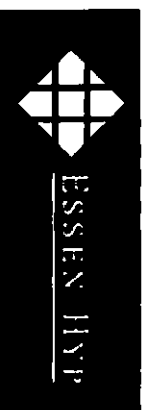
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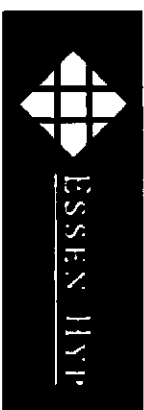
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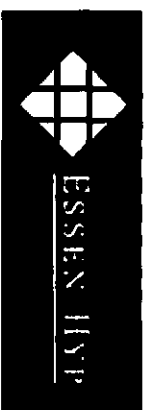
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The updated minimum standards for the issuance of Jumbo *Pfandbriefe* enter into force with immediate effect, the Federal Cartel Office (Bundeskartellamt) having raised no objections.

More detailed information on the new minimum standards for the issuance of Jumbo *Pfandbriefe* is available on the website of the Association of German Pfandbrief Banks.

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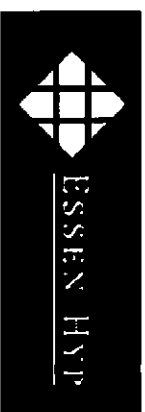
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Jumbos / Globals and their Increases
Amounts in EUR m Status: 31.07.2007

| Increases | | | | | | | Ratings | | |
|-------------|-----|-------|---------------------|--------|----------|------------|----------------------------------|--------------|-------|
| Security no | by | on | Issuing volume in € | Coupon | Maturity | Issue Date | Market makers | S&P/ Moody's | Fitch |
| 257 402 | 250 | 04/06 | 1,273 | 5,250 | 22/01/08 | 15/01/98 | 1/2/4/5/7/10 | AAA/Aaa | AAA |
| HBE 0BQ | 500 | 03/06 | 2,000 | 2,750 | 11/03/08 | 11/03/05 | 1/6/18/27 | AAA/Aaa | AAA |
| AOA 71Z | 250 | 05/06 | 1,250 | 3,25 | 19/05/08 | 18/05/04 | 3/15/25/28 | AAA/Aaa | AAA |
| AOA Y3F | 500 | 02/06 | 2,500 | 3,000 | 17/06/08 | 10/03/04 | 1-3/5/6/13-15/18/25-27 | AAA/Aaa | AAA |
| 257 414 | | | 767 | 4,750 | 11/08/08 | 04/08/98 | 1/4/11/13/14/20 | AAA/Aaa | AAA |
| 169 713 | 750 | 07/06 | 2,950 | 3,500 | 26/09/08 | 17/09/03 | 1-6/13-15/18/25/26 | AAA/Aaa | AAA |
| 257 424 | 500 | 07/06 | 2,500 | 4,000 | 19/01/09 | 11/01/99 | 1-3/5/6/8/10/11/14/20 | AAA/Aaa | AAA |
| HBE 0BA | | | 2,000 | 2,75 | 27/02/09 | 19/01/05 | 1-6/8/14/15/18/25/29 | AAA/Aaa | AAA |
| 257 433 | 125 | 04/07 | 2,375 | 4,250 | 06/07/09 | 11/05/99 | 1-6/10/11/23 | AAA/Aaa | AAA |
| HBE 0F1 | | | 2,500 | 3,000 | 28/09/09 | 19/01/06 | 1-6/9/11/14/18/25/27 | AAA/Aaa | AAA |
| HBE 0AJ | | | 2,000 | 3,250 | 17/11/09 | 17/11/04 | 1/5/18/26 | AAA/Aaa | AAA |
| HBE 0E6 | | | 1,500 | 3,000 | 17/02/10 | 10/11/05 | 1/3/5/9/10/11/14/15/19/22/25/28 | AAA/Aaa | AAA |
| HBE0DE | | | 1,250 | 2,50 | 05/07/10 | 05/07/05 | 1/4/5/14 | AAA/Aaa | AAA |
| 257 461 | | | 5,000 | 5,250 | 17/01/11 | 15/01/01 | 1-11/14/15/17/18 | AAA/Aaa | AAA |
| HBE 0EK | | | 1,000 | 2,750 | 21/09/11 | 14/09/05 | 3/15/25/28 | AAA/Aaa | AAA |
| HBE 1NT | | | 1,500 | 4,000 | 21/11/11 | 20/02/07 | 1-6/10/14/18/22/25/32/33/36 | AAA/Aaa | AAA |
| HBE 1LM | | | 1,200 | 3,75 | 28/09/12 | 28/09/06 | 1/3/4/9/18/22/25/30 | AAA/Aaa | AAA |
| HBE 1MM | | | 1,000 | 3,875 | 21/11/13 | 14/11/06 | 1-3/6/8/9/11/14/15/27/33-35 | AAA/Aaa | AAA |
| HBE 1MP | | | 1,000 | 3,875 | 21/11/16 | 14/11/06 | 1/2/5/10/11/18/19/22/26/27/30/32 | AAA/Aaa | AAA |

| 35,565 | | | | | | | | |
|-------------|----|----|-------------------------|--------|----------|------------|---------------|-----|
| Security no | by | on | Issuing volume in US-\$ | Coupon | Maturity | Issue Date | Market makers | S&P |
| HBE OFC | | | 1,000 | 4.75 | 08/12/10 | 02/12/05 | 5/31 | AAA |
| HBE 1MD | | | 1,250 | 5.00 | 20/01/12 | 08/11/06 | 5/11/31 | AAA |
| | | | 2,250 | | | | | |

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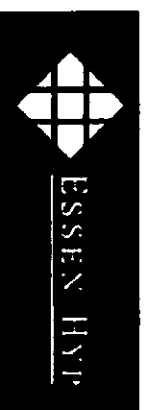
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Bonds & Notes

Essen Hyp EUR 30,000,000,000 Debt Issuance Program (DIP)

Essen Hyp's €30bn Debt Issuance Program, which was launched on May 28, 1998 and increased to €30bn in April 2006, aims to facilitate Essen Hyp's funding on the international capital markets.

The main intention of this Program is to provide structured financing transactions. However, any underlying risk exposure of a structured deal must be hedged against. In general, the required swap will be entered into with the dealer proposing the transaction. As a rule, each swap counterparty must have a minimum rating of AA- (S&P).

Jumbo *Pfandbriefe*, Global public-sector *Pfandbriefe* and similar benchmarks are launched outside the DIP.

The Program allows international fund-raising in almost any currency by means of a syndicated or non-syndicated, public or private placement. Funding proceeds are swapped back into EURIBOR. Pursuant to the German Mortgage Bank Act, Essen Hyp as a mortgage bank is not allowed to run any currency risks.

Maturities under this Program can reach up to 30 years, depending on the type of transaction. There is no specific maturity target.

Notes, including public-sector *Pfandbriefe*, may be issued in bearer or registered form. Depending on the agreement between issuer and dealer, Notes can be launched as Fixed Rate Notes, Floating Rate Notes, Indexed Notes, Dual Currency Notes or Zero Coupon Notes. The minimum volume per drawing is €5m.

Essen Hyp's DIP is listed on the Luxembourg stock exchange. The terms and conditions of the DIP also provide for a listing of bearer notes (including public-sector *Pfandbriefe*) on the Düsseldorf stock exchange, or any other stock exchange. Registered Notes (including public-sector *Pfandbriefe*) are not listed on any stock exchange.

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The following ratings have been assigned to the Notes listed under Essen Hyp's Debt Issuance Program:

| | Standard & Poor's | Moody's |
|----------------------------------|-------------------|---------|
| Public-sector <i>Pfandbriefe</i> | AAA | Aaa |
| Senior Unsecured Debt | A | A1 |
| Subordinated Debt | A- | A2 |

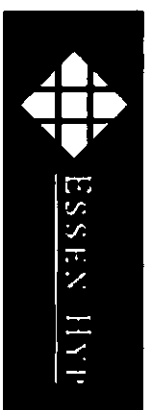
The Program is governed by German Law.

Our Debt Issuance Program has been arranged by Commerzbank and Merrill Lynch International. The dealers are ABN AMRO, Barclays Capital, Calyon, Citigroup, Commerzbank, Deutsche Bank, Goldman Sachs International, HSBC Trinkaus & Burkhardt, Lehman Brothers, Merrill Lynch International, Morgan Stanley, UBS Warburg and SG Investment Banking. The Program allows for reverse inquiry. Bids are welcome.

For further information please contact our Treasury Department or look at our latest » Debt Issuance Program Prospectus 2007.

| | |
|--|--|
| Günter Pless Senior Vice President Global Head of Treasury Tel.: +49 201 8135-360 E-mail: Guenther.Pless@essenhyp.com Fax Treasury: +49 201 8135-399 | Christin Schmid Capital Markets Tel.: +49 201 8135-368 E-mail: Christin.Schmid@essenhyp.com Fax Treasury: +49 201 8135-399 |
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Bonds & Notes

EsSEN Hyp A\$ 5,000,000,000 Debt Issuance Program (DIP)

On October 13, 2006 EsSEN Hyp launched an A\$ 5 billion Debt Issuance Program which permits the issue of both secured and unsecured bonds on the Australian market. The bank does not take any foreign exchange risks onto its books, given that these risks are hedged by €/A\$ currency swaps. Drawings under the program are made in A\$.

The following ratings have been assigned to the Notes listed under EsSEN Hyp's Debt Issuance Program:

| | Standard & Poor's | Moody's |
|--|-------------------|---------|
| Public-sector <i>Pfandbriefe</i> | AAA/ A-1+ | Aaa |
| Senior Unsecured Debt | A/ A-1 | A1 |
| Mortgage <i>Pfandbriefe</i> | n.r. | Aa1 |
| Short term issues | n.r. | P-1 |
| The Program is governed by German Law. | | |

Our Debt Issuance Program has been arranged by ABN AMRO BANK N.V., Australian Branch. The dealers are ABN AMRO BANK N.V., Australian Branch, Commonwealth Bank of Australia, National Australia Bank Limited, Royal Bank of Canada and UBS AG, Australia Branch. The Program allows for reverse inquiry. Bids are welcome.

For further information please contact our Treasury Department or look at our latest » Information Memorandum 2006.

Günter Pless
Senior Vice President
Global Head of Treasury
Tel.: +49 201 8135-360

Oliver Schwarzer
Deputy Head of Treasury
Tel.: +49 201 8135-364

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Securities Prospectus

Persons into whose possession the Euro 30,000,000,000 Debt Issuance Program Prospectus or the A\$ 5,000,000,000 Medium Term Note Program Information Memorandum of Hypothekbank in Essen Aktiengesellschaft (the "Issuer") , as amended or supplemented (the "Prospectus" or the "Information Memorandum"), or any final terms (the "Final Terms") of the offer of notes issued by the Issuer under its Euro 30,000,000,000 Debt Issuance Program (the "Notes") or any pricing supplement (the "Pricing Supplement") of the offer of medium term notes issued by the Issuer under its A\$ 5,000,000,000 Medium Term Note Program (the MTNs) comes, are requested to inform themselves and to observe any legal restrictions on the distribution of the Prospectus or the Information Memorandum and any Final Terms or Pricing Supplements and the offering, sale and delivery of Notes or MTNs in the relevant jurisdiction, all as stated in the Prospectus or the Information Memorandum. Persons interested in purchasing any Notes or MTNs are additionally requested to study said legal restrictions in order to verify whether they qualify as an investor in such Notes or MTNs before purchasing any of them.

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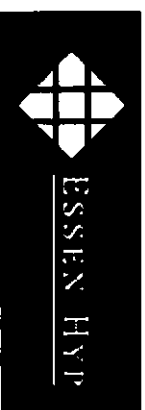
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Bonds & Notes

Essen Hyp EUR 5,000,000,000 Commercial Paper Program

Following the launch of its €5bn Commercial Paper Program in December 1998, Essen Hyp has been able to issue short-term notes since the beginning of 1999.

Essen Hyp actively uses this Program in order to ensure flexible funding at low cost.

The Program allows drawings in EUR and any other internationally recognized currencies, as agreed between Essen Hyp and the dealer(s). The Notes that are issued under the Program must have a maturity of not less than two days. Clearing can be made through Euro Clear and Clearstream Banking. In accordance with the existing legal and regulatory requirements, the maximum maturity in both cases is two years less one day. The minimum amount of the Notes is €2.5m. There is no issuance of Definitive Notes under this Program.

One of the special features of the Program is that it allows for the issuance of

- Fixed-Rate Notes or
- Floating Rate Notes or
- Discounted Notes

all of which may be listed on a German stock exchange. The Notes may be deposited with the European Central Bank as Tier 1 securities.

Unless otherwise agreed, Floating Rate Notes under the Program have a maturity of at least six months and a minimum period of three months between two interest payment dates. Unless otherwise agreed, the EURIBOR is taken as the reference rate.

The Program itself is listed on the official market of the Düsseldorf stock exchange. Individual Notes may be listed with official quotations on the Düsseldorf stock exchange, or on any other stock

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exchange. However, Notes to be listed must have a minimum maturity of three months.

The Program offers a high degree of flexibility for both the dealer(s) and the issuer. Further day-to-day dealers are welcome.

Rating: Standard & Poor's: A-2 (Standard & Poor's)
P-1 (Moody's)

Arranger:
Commerzbank AG

Frequent dealers:
Commerzbank AG, Deutsche Bank AG, Barclays London

Day-to-day dealer:
Citigroup, London; Dresdner Bank, FFM; Goldman Sachs, London; Ixis Corp & Inv. Bank, FFM; Lehman Brothers, London.

The Program is a supplement to Essen Hyp's Debt Issuance Program, which was signed in May 1998 and increased to €20bn in July 2002.

For further information please contact Essen Hyp's Money Market Desk:

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Head of Short Term Desk
Tel.: +49 201 8135-371
E-mail: Monika.Rieks@essenhyp.com

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Bonds & Notes

Slimbos

Slimbos (Short Liquid Money Market Bonds) are highly liquid money market bonds which have been issued on the German money markets since fall 2004. The banks issuing theses bonds must, as a minimum, have a long-term rating. Slimbos have become increasingly popular with both national and international investors.

Slimbos are short-term unsecured bearer bonds featuring a maturity of no more than two years. The minimum issuance volume is €500m. Slimbos are placed by bank syndicates of some four to six joint leads.

For trades between €1m and €15m market making is guaranteed by the lead managers. Slimbos are listed on a stock exchange within 30 days after their issue. The issuance volume may be increased at any time. Slimbos are traded electronically via Bloomberg Trading and Eurex Bonds. They are placed as retention deals.

Accordingly, Slimbos can be seen as the equivalent of Jumbo Pfandbriefe in the unsecured money markets.

Having now operated in the Slimbo market since July 2005, Essen Hyp plans to further expand its activities in this market segment in the future.

| Outstanding | | | | | |
|--------------------|---------------------|---------------------|--------------------------------|---------------|-----------------|
| Security no | increases by | increases on | issuing volume in EUR m | coupon | maturity |
| HBE 0JZ | 250 | 12/06 | 1.850 | 3,50 | 16/08/07 |
| HBE 1NX | 250 | 05/07 | 1.250 | 4,25 | 25/04/08 |
| Total | | | 3.100 | | |

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Bonds & Notes

Essen Hyp about to receive STEP label

Essen Hyp seeks to receive the STEP label for its European Commercial Paper Programs in spring 2007. STEP stands for 'Short-Term European Paper'.

The STEP label has been developed by ACI (The Financial Markets Association) and FBE (Fédération Bancaire de l'Union Européenne) in cooperation with the European Central Bank.

The aim of STEP is to foster the integration of the European markets for Short-Term Money Market Paper by laying down general market standards. This will enhance market liquidity and increase diversification opportunities.

The STEP Market Convention lays down the criteria and requirements to be fulfilled by an issuance program in order to be STEP compliant. These criteria and requirements relate to the format of documentation, settlement and the provision of data for the production of STEP statistics. The creditworthiness of the issuer, however, is not taken into account.

Issues qualifying for the STEP label are automatically eligible as Tier 1 securities of the ECB.

Accordingly, compliance with the STEP label is an additional quality feature for the benefit of our ECP Program investors.

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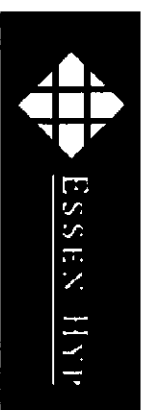
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Success needs far-sightedness

Success needs far-sightedness - guided by this motto, Hypothekbank in Essen AG, which was founded in 1987, has become one of the leading mortgage banks in Germany within just two decades. The bank's business activities basically rest on two pillars: the granting of public-sector and mortgage loans. Our mortgage lending activities range from the extension of retail loans to finance detached or semi-detached houses or owned flats in Germany to the financing of large commercial properties on the domestic market, as well as abroad. To refinance these lending activities Essen Hyp is active on the national and international capital markets. In this context, one of our key objectives is to increase the popularity of our most important funding instrument, the Pfandbrief, with national and international investors. The fact that we have been awarded excellent ratings from the three leading rating agencies is just one proof of the quality of our work. Essen Hyp's most important shareholder is the Commerzbank AG.

You can find more detailed information on our bank, its management and its business activities on the following pages. Should you have any further questions please feel free to contact us and we will be happy to provide you with any information you require.

▷ 15 Years of Hypothekbank in Essen AG

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Corporate Governance Code of Hypothekbank in Essen AG

The German Corporate Governance Code Commission set up by the German government, presented the German Corporate Governance Code on February 26, 2002. This Code of best practice describes key statutory provisions for the management and supervision of German listed companies and embodies internationally and nationally recognized standards for good and responsible governance. It is intended to make the German system of corporate governance transparent and understandable, and also to promote the trust of international and national investors, customers, employees and the general public in the management and supervision of listed companies.

The shares of Essen Hyp are not listed on a stock exchange. This is why certain legal requirements and stipulations set out in the German Corporate Governance Code, which are applicable to German listed companies, are not relevant to Essen Hyp

Nevertheless, and in view of maximum transparency, Essen Hyp expressly welcomes and supports the German Corporate Governance Code and the goals and objectives it pursues. The Corporate Governance Code of Essen Hyp complies with most of the requirements set out in the German Corporate Governance Code. Given that Essen Hyp's shares are not listed on a stock exchange and that the bank is thus not in a position to satisfy those requirements of the Code that are mandatory for listed companies, the bank does not expressly state which recommendations of the Corporate Governance Code are not complied with for this reason.

- ▷ [Declaration of Conformity with the German Corporate Governance Code \(March 21, 2007\) \(PDF\)](#)
- ▷ [Declaration of Conformity with the German Corporate Governance Code \(April 24, 2006\) \(PDF\)](#)
- ▷ [Corporate Governance Code of Hypothekbank in Essen Aktiengesellschaft \(PDF\)](#)
- ▷ [Declaration of Compliance with the German Corporate Governance Code \(March 17, 2005\) \(PDF\)](#)

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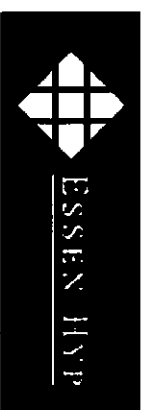
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10 Successful Years in Retrospect

Figures in Euro m, year-end balance *)

Claims outstanding:

| | 1987 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---------------------|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Mortgage loans | 108 | 1,715 | 1,827 | 1,841 | 2,271 | 3,003 | 4,290 | 5,822 | 7,258 | 6,926 | 8,074 |
| Public-sector loans | 603 | 29,389 | 35,873 | 39,810 | 36,097 | 36,841 | 35,870 | 34,764 | 33,102 | 35,824 | 33,249 |
| Bonds and notes **) | 31 | 2,689 | 5,918 | 10,701 | 16,493 | 24,349 | 24,286 | 25,179 | 30,588 | 39,855 | 45,109 |
| Other claims | 0 | 672 | 888 | 1,591 | 2,415 | 2,703 | 4,035 | 5,647 | 5,047 | 7,352 | 12,788 |

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Bonds and notes issued:

| | | | | | | | | | | | |
|---|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Mortgage Pfandbriefe | 39 | 1,219 | 1,087 | 1,078 | 1,272 | 1,305 | 1,884 | 2,703 | 4,173 | 4,250 | 4,667 |
| Public-sector Pfandbriefe | 819 | 30,077 | 38,684 | 48,379 | 47,015 | 54,519 | 50,738 | 51,477 | 52,571 | 60,972 | 75,643 |
| Other bonds and notes / other liabilities | 0 | 3,418 | 4,872 | 5,281 | 9,170 | 12,182 | 16,855 | 18,452 | 20,855 | 25,770 | 20,162 |

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New lending commitments:

| | | | | | | | | | | | |
|---------------------|-----|--------|--------|--------|--------|-------|-------|-------|-------|--------|-------|
| Mortgage loans | 135 | 266 | 415 | 574 | 1,216 | 1,366 | 1,627 | 2,517 | 1,956 | 1,770 | 2,026 |
| Public-sector loans | 875 | 14,238 | 14,856 | 16,706 | 13,714 | 5,297 | 4,235 | 7,148 | 4,538 | 10,898 | 9,746 |

| General operating expenses: | | | | | | | | | | | | |
|--|-----|------|-------|-------|------|-------|-------|-------|-------|-------|-------|--|
| Personnel expenses | 0.8 | 8.4 | 8.0 | 9.3 | 9.8 | 10.6 | 10.8 | 12.1 | 13.7 | 14.9 | 16.0 | |
| Other administrative expenses | 0.7 | 5.9 | 7.1 | 8.2 | 8.9 | 9.5 | 9.4 | 11.2 | 14.4 | 16.5 | 22.1 | |
| Depreciation on and value adjustments to intangible and fixed assets | 0.1 | 1.6 | 1.5 | 3.2 | 3.5 | 3.4 | 3.0 | 2.2 | 13.0 | 2.6 | 5.9 | |
| Operating result: | 5.1 | 78.4 | 105.7 | 120.2 | 98.5 | 108.1 | 112.3 | 118.6 | 128.6 | 141.9 | 122.6 | |
| Net income for the year: | 3.1 | 38.7 | 53.0 | 64.8 | 66.7 | 72.3 | 76.2 | 81.2 | 91.0 | 103.0 | 96.8 | |

Notes: *) up to 1991 acc. to old accounting regulations
 **) Since April 1, 1998 securities of public and public-sector issuers can be taken into ordinary cover. Figures without bonds issued by Hypothekbank in Essen.
 ***) after deduction of unpaid capital subscriptions in 1993

Notes: *) up to 1991 acc. to old accounting regulations
 **) Since April 1, 1998 securities of public and public-sector issuers can be taken into ordinary cover. Figures without bonds issued by Hypothekbank in Essen.
 ***) after deduction of unpaid capital subscriptions in 1993



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Hypothesenbank in Essen Aktiengesellschaft is a stock corporation (Aktiengesellschaft) under German law. The bank has its registered office in Essen/Germany and is incorporated in the German Register of Companies (Handelsregister) under HRB No. 7083. The bank and its business activities are subject to the supervision of the Federal Financial Supervisory Authority (BaFin).

Pursuant to Section 27 (a) of the German Value Added Tax Act (UStG) and Article 22 (1) of the Sixth Council Directive 77/388/EEC of May 17, 1977 on the harmonization of the laws of the Member States relating to turnover taxes, the VAT identification number of Hypothesenbank in Essen AG is DE 119654158.

The server for these sites is located in Essen/Germany.

Hypothesenbank in Essen Aktiengesellschaft

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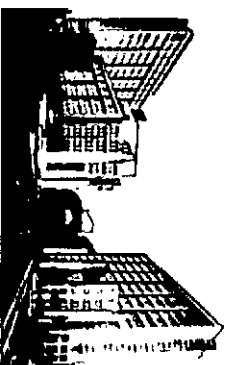
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Board of Managing Directors
Hubert-Schulte-Kemper
Wolfgang Groth
Burkhard Dallosch

We have tasked Commerzbank AG, Banking Department Retail Credit, 60261 Frankfurt/Germany (main locations: Hamburg and Rüsselshelm), with the credit servicing process, i.e. the granting and management of loans and the administration of the securities that relate to these loans.

For this purpose, we have authorized and empowered Commerzbank AG to carry out any and all tasks relating to credit servicing on our behalf, even prior to loan approval. This authorization includes, in particular, the correspondence with notaries public, land registries, authorities and credit institutions, as well as the issuing of declarations in conjunction with our claims, legal charges and other loan security.

Since July 2003 the Stater Deutschland GmbH & Co KG, Heussallee 18-24, 53113 Bonn, and since July 2006 the Nationalbank AG, Theaterplatz 8, 45127 Essen, have also been responsible for the credit servicing, i.e. the administration of loans.

This website has been designed by:

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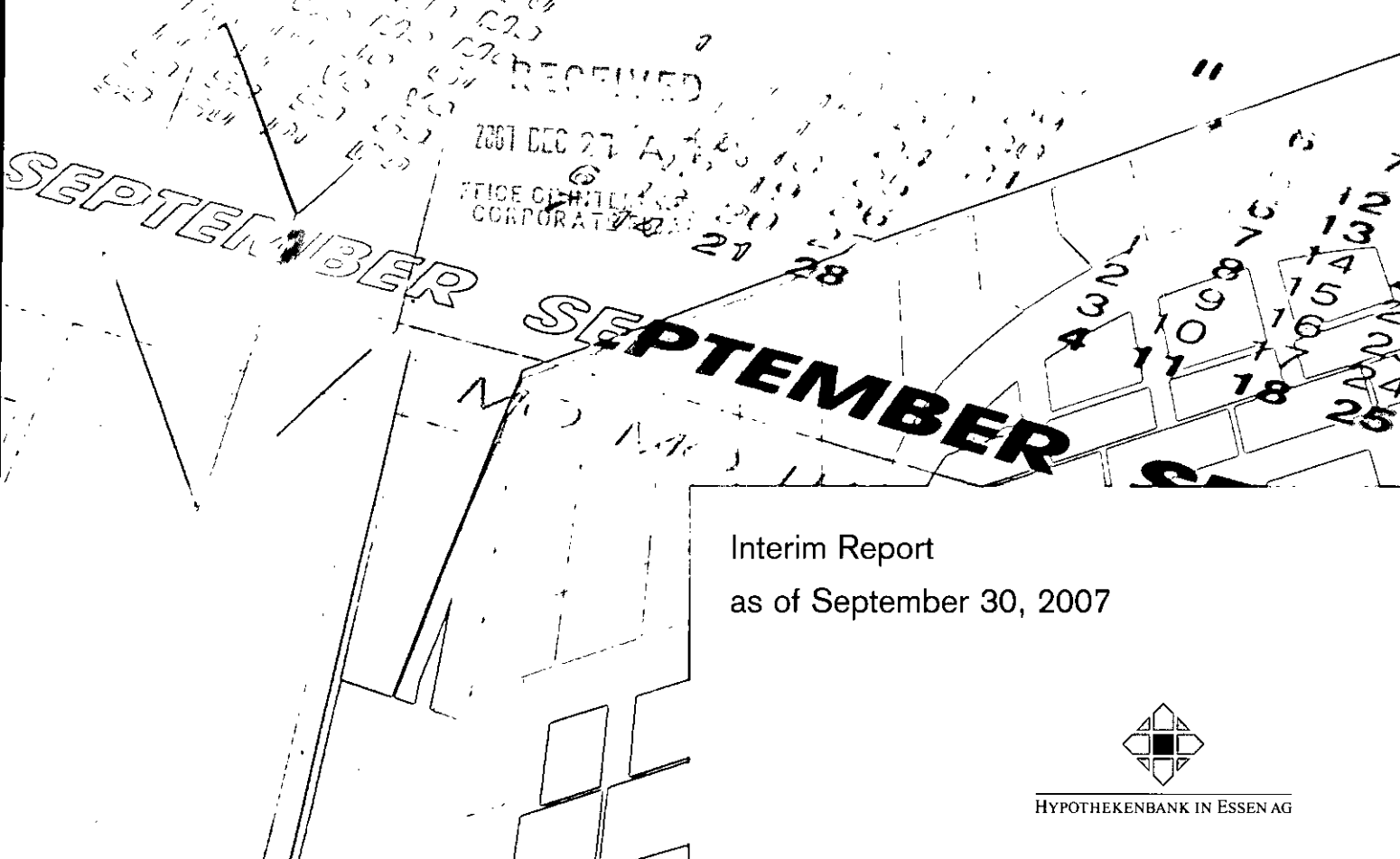
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Interim Report
as of September 30, 2007



HYPOTHEKENBANK IN ESSEN AG



At a Glance

| | Sep 30, 2007 in € m | Dec 31, 2006 in € m |
|--|------------------------|------------------------|
| Balance sheet total | 92,643 | 102,357 |
| Subscribed capital and reserve | 846 | 749 |
| Profit-sharing certificate | 288 | 288 |
| Subordinated liabilities | 388 | 373 |
| Claims outstanding | | |
| Mortgage loans | 8,277 | 8,074 |
| Public-sector loans | 33,465 | 33,249 |
| Securities issued by other borrowers | 44,802 | 45,109 |
| Other loans/other claims | 3,839 | 12,802 |
| Liabilities | | |
| to banks | 15,376 | 12,767 |
| to customers | 8,302 | 7,384 |
| Securitized liabilities | 67,118 | 80,320 |
| | Sep 30, 2007 in € m | Sep 30, 2006 in € m |
| New lending commitments | | |
| Mortgage loans | 749 | 1,576 |
| Public-sector loans | 8,463 | 6,422 |
| Securities issued by other borrowers | 11,176 | 18,038 |
| Profit and loss account | | |
| Net interest income | 126.5 | 214.4 |
| Net interest and commission income | 116.2 | 195.5 |
| General operating expenses | 33.5 | 28.8 |
| Operating result before provision for possible loan losses | 80.3 | 168.5 |
| Provision for possible loan losses | -70.2 | -43.2 |
| Operating result | 10.1 | 125.3 |

Rounding may cause small differences in totals and percentages in this report.

Economic Background

Following a promising start into the new year, the economic upswing in Germany lost some of its momentum in the second quarter of 2007. Nonetheless, Germany's economy continues to recover, posting real GDP growth of 2.5% year-on-year. Seasonally adjusted GDP growth for the euro area also averaged 2.5%. Adjusted for price, calendar and seasonal effects, quarter-on-quarter GDP growth in Germany was 0.3%. The favorable economic development also had a positive impact on the German labor market. The seasonally adjusted unemployment rate decreased from 8.4% in 2006 to 6.4% in July 2007. At 1.9%, inflation in the euro area was in line with the ECB target of close to, but below 2% in the second quarter of 2007.

The U.S. economy has grown moderately since March 2006. In the second quarter of this year U.S. GDP grew by 1% quarter-on-quarter. At the end of August 2007, the U.S. unemployment rate was just 4.6%. Inflationary pressure decreased until July 2007. The overall price level rose 2.4% year-on-year.

In the third quarter of 2007 overall economic development was mostly driven by the developments in the U.S. subprime mortgage markets. The overheating of these markets resulted in a decline in real estate prices. Borrowers who had taken out subordinated home loans which are usually secured by the property concerned got into payment diffi-

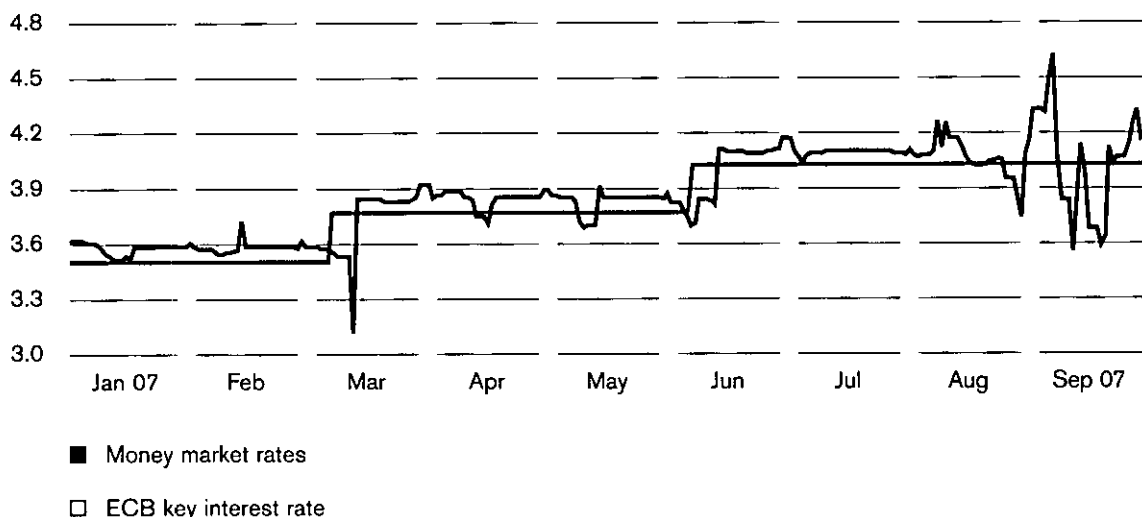
culties. The situation was aggravated further by the Federal Reserve's successive interest rate hikes. The U.S. central bank increased its key interest rate in 17 steps from 1% in mid-2004 to as much as 5.25% in mid-2007. Given that home loans in the U.S. tend to have floating interest rates, the borrowers' payment obligations rose in tune with the Federal Reserve's interest rate hikes. This applies, in particular, to the so-called "2/28 mortgages". These mortgages offer a comparatively low interest rate during the first two years. After the 2-year period the rate is adjusted to a higher floating rate for the remaining term of 28 years. If this type of loan is taken out in a period of low interest rates, borrowers have to cope with a substantial increase of their payment obligations as soon as interest rates start to rise. In 2008 alone mortgage loans totaling USD 240 billion are out for debt rescheduling, which might trigger a flood of personal bankruptcies and, as a consequence, impair overall economic development in the United States.

The developments in the U.S. real estate markets had an on-going effect on both market players' trust and the liquidity situation in the international financial markets. For a time the situation on the interbank market was extremely tense. Given that the trading partners' mutual trust was impaired, liquidity shortages were observed in certain cases. Similarly, the short-term unsecured money markets and, in particular, the Commercial Paper (CP) and repo markets were temporarily disrupted. Market rates for short-term maturity ranges, in particular, increased noticeably. As a consequence, the ECB and the Federal Reserve pumped additional liquidity

into the markets. In some cases, spreads on long-term uncovered bank bonds also widened considerably. In Europe, spreads on senior bank bonds listed in the iBoxx index rose by up to 36 basis points, whereas spreads on covered bonds increased by up to 11 basis points. UK bonds saw the largest spread widenings, followed by Spanish and Irish bonds. Markets in Germany and France were more stable. Spreads on bonds issued by banks that are directly or indirectly affected by the subprime crisis widened by up to 300 basis points.

Partly due to these developments the Federal Reserve ended its series of rate hikes, cutting back its key interest rate by 50 basis points to 4.75% in September. The aim was to mitigate the developments in the capital and money markets and their impact on the real economy. The 25 bp ECB rate hike expected by market players prior to the turbulences in the financial markets, did not materialize, since the ECB decided during its September meeting to keep its key interest rate unchanged at 4%.

Money market rates and key interest rate in the euro area in %



Subprime

In some cases, credit institutions in the United States and in Europe had to face the challenges arising from the developments in the U.S. subprime markets. These developments impact on banks which operate in the U.S. subprime markets either directly or indirectly, i.e. for instance through conduits (SPVs). Essen Hyp neither had nor has a direct or indirect exposure in the U.S. subprime markets. Similarly, Essen Hyp has not granted liquidity or credit lines to conduits operating in these markets.

U.S. Real Estate Portfolio

Essen Hyp's U.S. real estate portfolio solely includes commercial real estate loans. As of September 30, 2007 the total loan volume in this segment was some €171m spread over 14 financings. The breakdown by property is as follows:

- 11 office buildings with a total loan volume of some €94m
- 2 shopping malls with a total loan volume of some €42m
- 1 multi-family complex (apartments) with a total loan volume of some €35m

Structured Products Portfolio – Repackaged Funds

In addition to the above-mentioned real estate loans Essen Hyp has a portfolio of securitized products which are, for the most part, guaranteed by the U.S. government. As of September 30, 2007 the breakdown of this portfolio was as follows:

- Collateralized Mortgage Obligations (CMO) totaling USD 491m, based on Mortgage Backed Securities (MBS) of the Government National Mortgage Association (Ginnie Mae). Ginnie Mae MBS are 100% guaranteed by the U.S. government.
- U.S. Small Business Administration Loans (SBAs) totaling USD 68m. These AAA rated loans are also 100% guaranteed by the U.S. government.
- €10m AAA tranche of a Commercial Mortgage Backed Securities (CMBS) transaction. The underlyings are, without exception, commercial properties, most of which are located in the United States.

Capital Markets

New Lending Business

In the capital markets segment we granted new loans totaling €19.6bn (€24.5bn) in the period under review. New transactions included €19.3bn (€24bn), or 98.5%, in loans and securities eligible to serve as cover for our public-sector Pfandbriefe. Securities issued by other borrowers and not eligible to serve as Pfandbrief cover totaled just €0.3bn (€0.5bn).

New lendings to domestic public-sector entities totaled €9.7bn (€8.5bn), a 14.1% increase compared to the same period in the previous year. Loans to other borrowers governed by public law totaled €3.1bn (€3bn). Due also to the market developments in the third quarter the total volume of new loans and securities to foreign borrowers that are eligible to serve as cover for our public-sector Pfandbriefe continued to decline and came to €6.5bn compared to €12.5bn. This figure includes large portions to borrowers in Austria, Spain and the United States.

Loans to foreign borrowers that are not eligible for cover totaled €0.3bn (€0.5bn). In the period under review only loans that are eligible to serve as cover for our public-sector Pfandbriefe were granted to domestic borrowers.

Capital Markets Portfolio

In the period under review our total capital markets portfolio increased marginally by €0.1bn to €77.1bn from €77bn as at year-end 2006. In line with our internationalization strategy the portion of loans to domestic borrowers declined by €1.3bn from €49.9bn to €48.6bn.

Simultaneously, the portion of loans to borrowers in the EU, other European countries, Asia, North

America and other foreign countries rose by €1.4bn from €27.1bn to €28.5bn. Thus the proportion of German counterparties decreased to 63% compared to 64.8% at year-end 2006, whereas the foreign loan portfolio rose to 37% (35.2%).

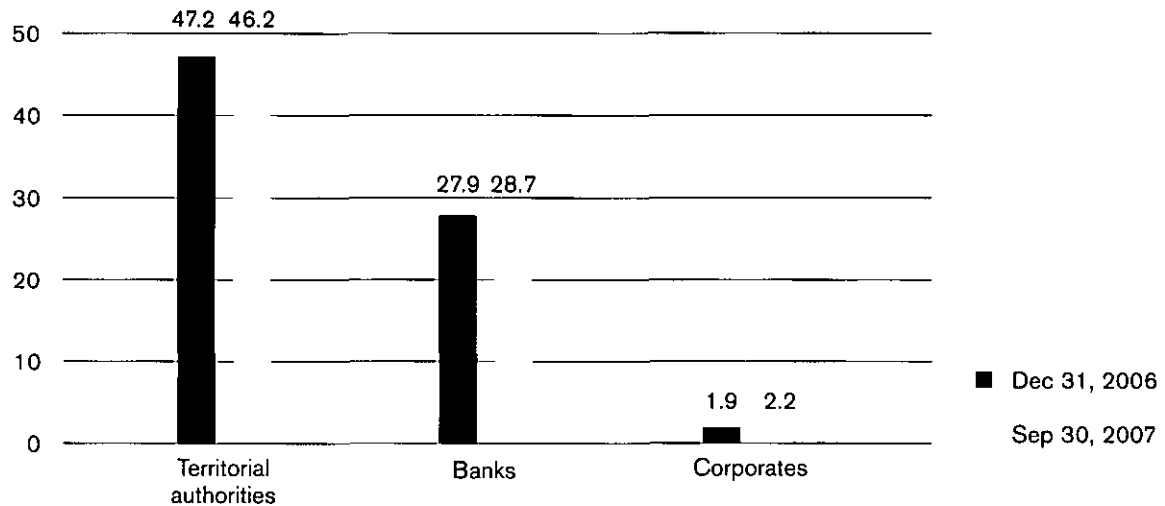
The breakdown by sector shows that the decline in loans to territorial authorities was more than offset by an increase in loans to banks and to the corporate sector. While the total volume of loans to territorial authorities declined by €1bn from €47.2bn to €46.2bn, the total volume of loans to banks rose by €0.8bn from €27.9bn to €28.7bn. Loans to the corporate sector increased by €0.3bn from €1.9bn to €2.2bn.

As before, the emphasis within our territorial authorities portfolio totaling €46.2bn (€47.2bn) was on the German Federal States (*Länder*) which accounted for €25.7bn (€25.5bn). The portion of loans to the German Federal Government decreased to €1.4bn (€2.7bn) whereas the portion of loans to German municipalities in the portfolio rose 11.6% from €4.3bn to €4.8bn.

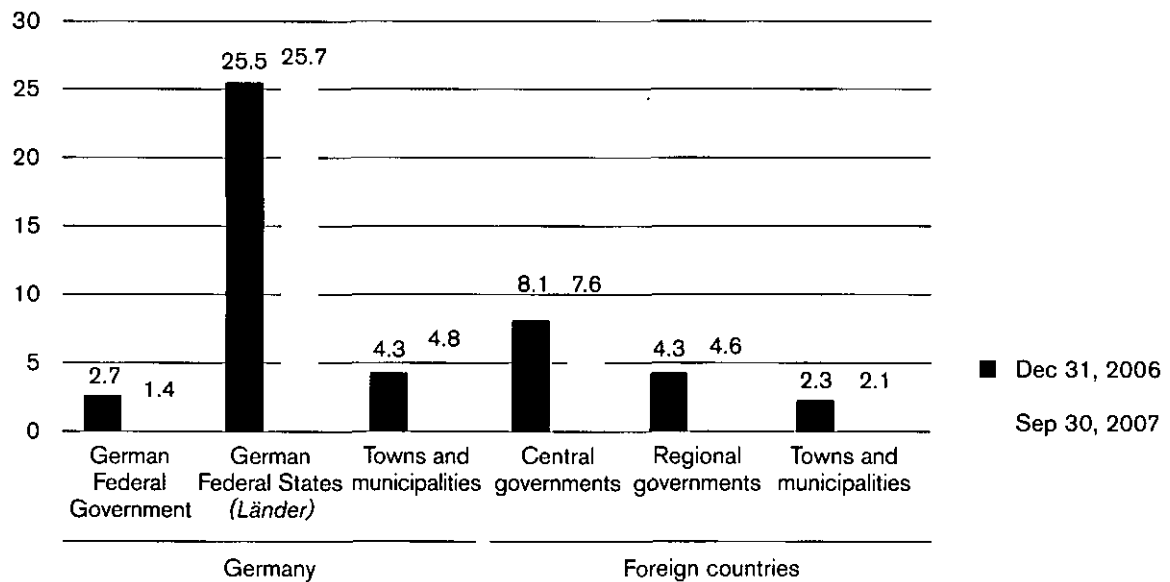
At €7.6bn (€8.1bn), the portion of loans to foreign central governments was somewhat lower than at year-end 2006. In contrast to this, loans to foreign regional governments rose slightly from €4.3bn to €4.6bn. The portion of loans to foreign municipalities decreased from €2.3bn to €2.1bn. Overall the foreign territorial authorities portfolio reached a volume of €14.3bn compared to €14.7bn at year-end 2006.

The first nine months of 2007 saw a decline of the proportion of domestic borrowers in the portfolio of banks which totaled €28.7bn (€27.9bn) at the reporting date. Thus the volume in the savings bank segment fell to €4.8bn (€5bn). Similarly, claims on other credit institutions governed by public law declined from €10.5bn to €10.1bn.

Portfolio trends – Capital markets business by sector in € bn



Portfolio trends – Territorial authorities in € bn



Lending to private domestic banks decreased from €1.7bn to €1.5bn.

In contrast to this, our portfolio of loans to foreign banks increased in the first nine months of this year. The total volume of loans to other foreign credit institutions governed by public law rose from €0.3bn to €0.4bn. The total volume of foreign bank bonds rose 14.4% from €10.4bn to €11.9bn.

Sub-portfolio Private Banks

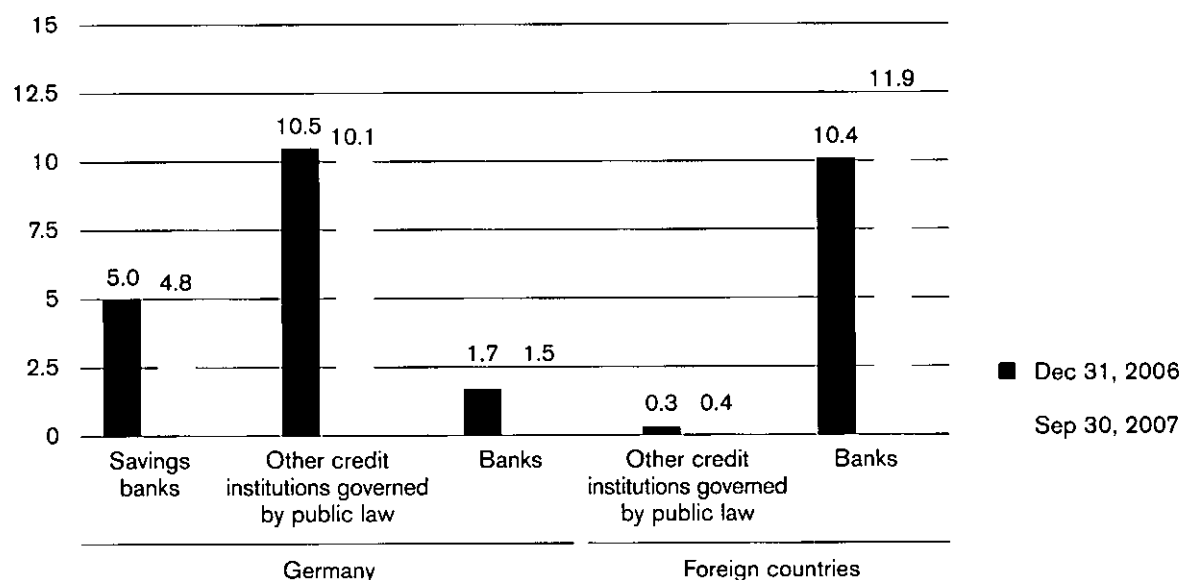
In recent years we have built up a portfolio of national and international bank bonds totaling €13.4bn. This has been done with the aim of optimizing our portfolio management in terms of earnings and risk diversification.

When building up this portfolio we always looked for a broad regional diversification in order to mitigate the impact of potential distortions in local markets on the portfolio. The majority of our in-

vestments in this segment were placed in Germany and other Western European countries, accounting for 11.4% and 79.7% respectively. Our exposure outside Europe mostly relates to North America at 8.5%.

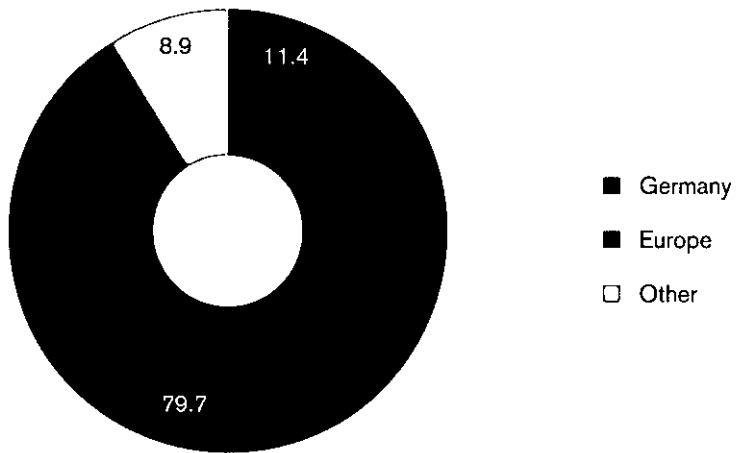
We focused on investment grade bonds when taking credit risk. Accordingly, 16.3% of the portfolio has an AAA rating, while 25.6% of the bonds are rated AA, 49.5% A and no more than 2.1% BBB+. 6.5% of the bonds included in our portfolio do not have an external rating. We are of the opinion that this is a very balanced and low-risk rating structure, also taking into account risk-return considerations. Nonetheless, due to the developments in the international financial markets spreads on numerous bank bonds widened – and, in parts, even considerably – by the end of the reporting period, even though there was no overall deterioration in the credit quality of the banks concerned.

Portfolio trends – Banks in € bn



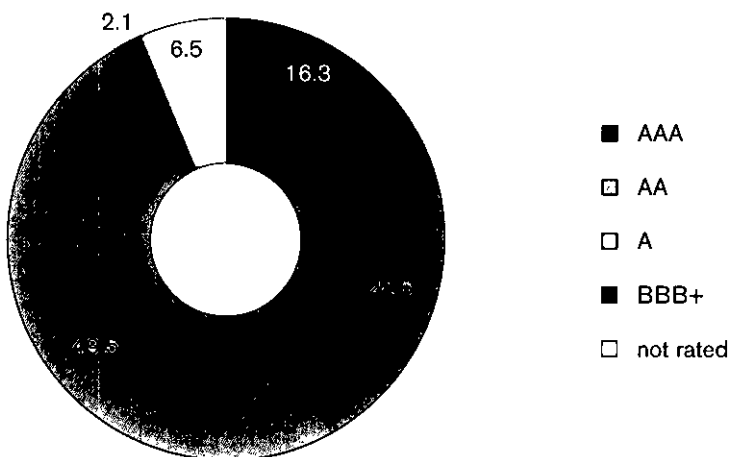
Sub-portfolio Private Banks as of September 30, 2007

Breakdown by region in %



Total: €13.4bn

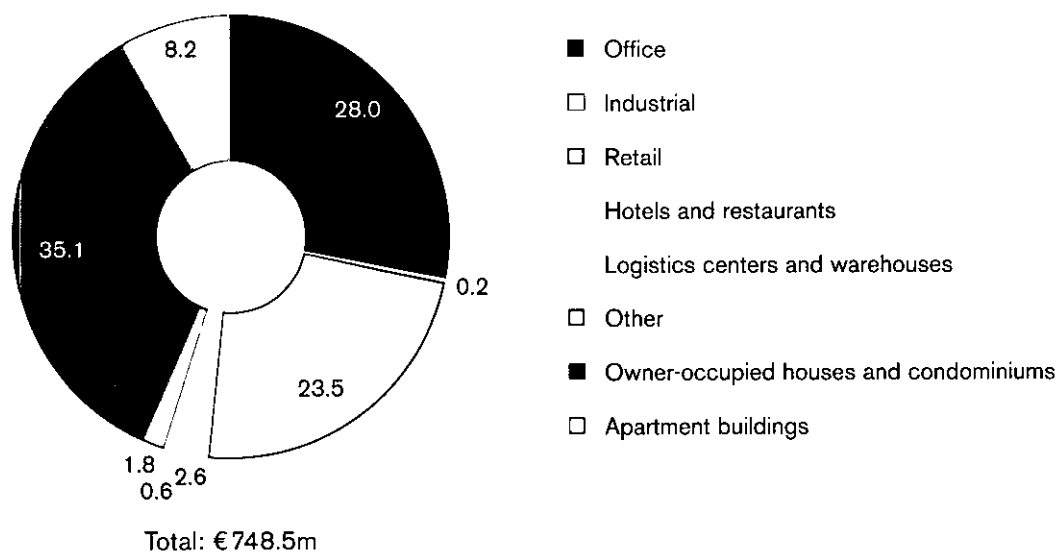
Breakdown by rating in %



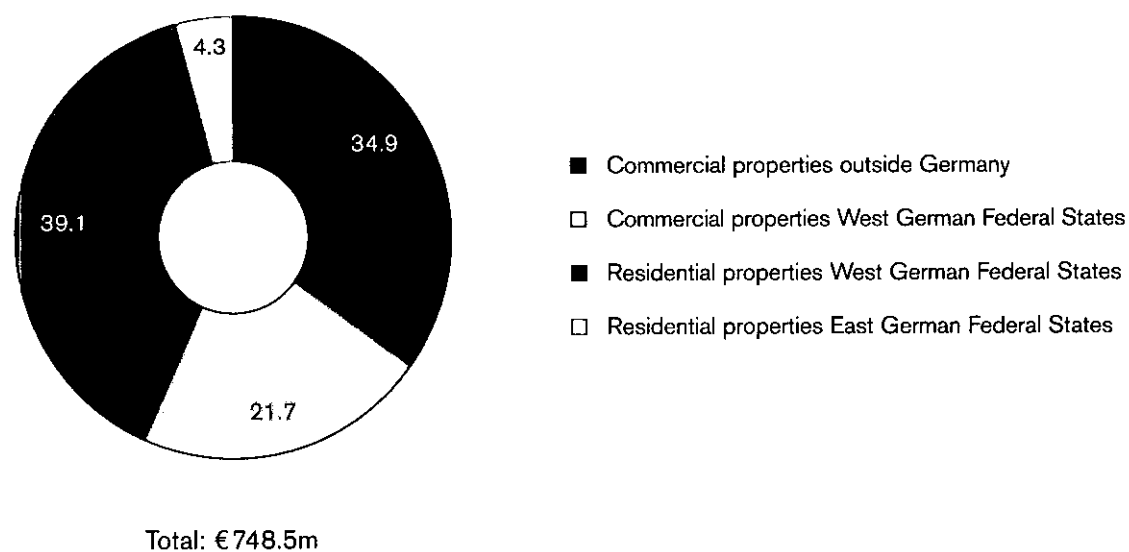
Total: €13.4bn

New lending commitments as of September 30, 2007

Breakdown by type of property in %



Breakdown by region in %



Real Estate Finance

New Lending Commitments

In the first nine months of 2007 we granted new real estate loans totaling €0.75bn (€1.6bn). While the share of new residential loans decreased to 43.4% (80.7%), the main focus was on commercial loans which made up 56.6% (19.3%) of the total. The breakdown by country shows total lending outside Germany at 34.9% compared to 9% in the previous year.

New commercial loans totaled €0.4bn (€0.3bn) in the reporting period. At 49.4% (33.5%) the emphasis of our closings was on office buildings. Retail space accounted for 41.4% (50.5%). The remaining loans essentially relate to logistics centers and industrial space, as well as to other non-residential properties.

Real Estate Finance – Germany

In the first nine months of 2007 we granted new loans totaling €486.9m (€1,433.6m) within the German real estate market. This corresponds to 65.1% (91%) of all new lending commitments. New loans secured by commercial properties accounted for €162.3m (€242.1m), while new loans secured by residential properties – one-family, two-family and multi-family houses and condominiums – decreased to €324.6m (€1,191.5m). The main reasons for this decrease were the reduction in our special loan programs for home loans and a portfolio acquisition of some €440m included in the previous year's figure.

International Real Estate Finance

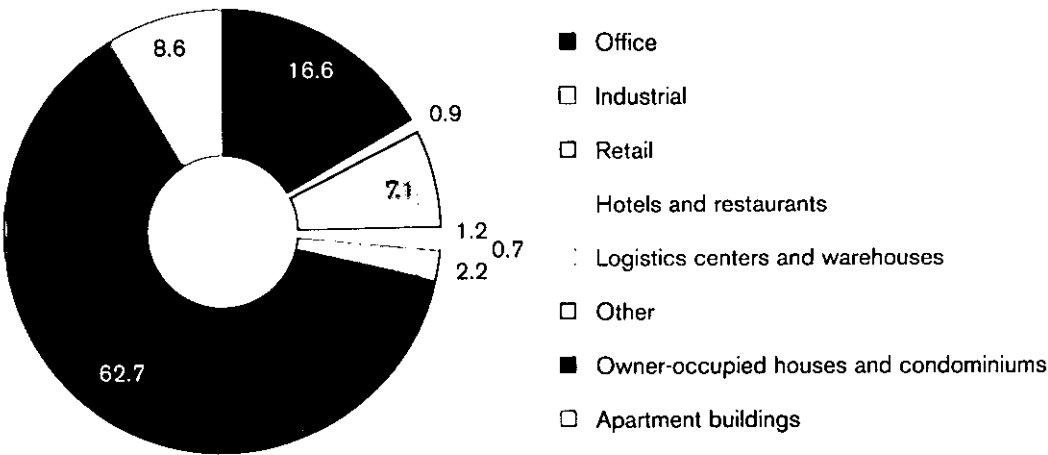
In the reporting period we granted new loans to foreign borrowers to the amount of €261.6m (€142.3m). All of these loans are secured by commercial properties. In the breakdown by country, the United Kingdom accounted for €112.4m, Austria for €54m and France for €52.6m. In addition, we granted smaller loans in Poland, the Netherlands and Switzerland.

Mortgage Loan Portfolio

As of September 30, 2007 the mortgage loan portfolio totaled €8.4bn (€8.2bn). The residential loan portfolio rose to €6bn (€5.9bn) while the commercial loan portfolio increased to €2.4bn compared to €2.3bn at year-end 2006.

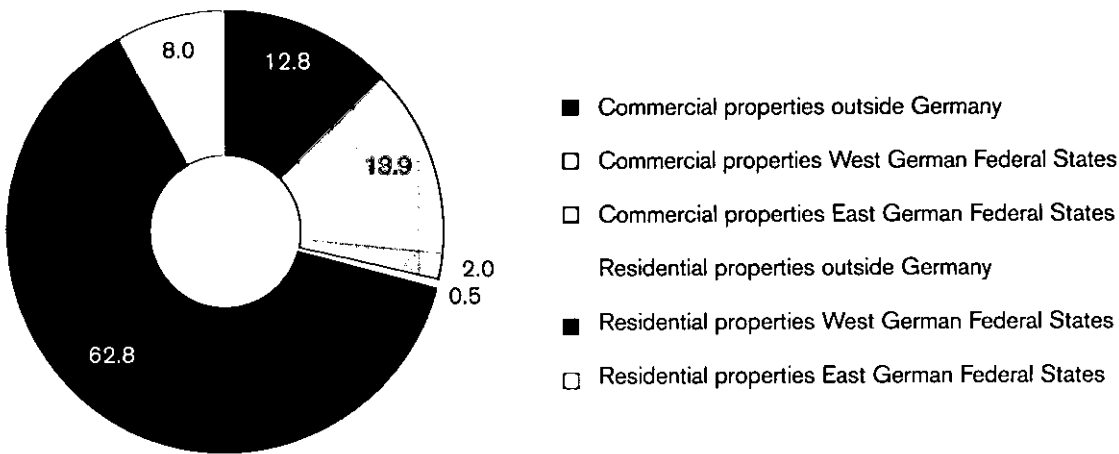
Mortgage loan portfolio as of September 30, 2007

Breakdown by type of property in %



Total: €8,396.1m

Breakdown by region in %



Total: €8,396.1m

Funding

The developments in the U.S. real estate markets and the trading partners' somewhat limited trust in the functionality of the international financial markets led to temporary disruptions in the European money markets, as well as in the CP and repo markets. Market participants were inclined to withhold liquidity, with this trend culminating in extraordinarily high overnight rates.

Liquidity injections by central banks, such as, for instance, quick tenders, brought rates back down to the 4% mark. Even though markets have now begun to recover, the "all-clear" signal has yet to be heard, given that the CP and repo markets are still not as liquid as they used to be.

The overall market situation also had an impact on Essen Hyp and, in particular, our activities on the CP market. In view of the market developments we suspended the renewal of our Slimbo (Short Liquid Money Market Bond). Our liquidity ratio in accordance with *Grundsatz II* was 1.2 as of July 31,

2007, 1.1 as of August 31, 2007 and 1.7 as of September 30, 2007. The minimum ratio required by law is 1.0. Within the scope of our liquidity management we calculate a worst case scenario on a daily basis. As part of this calculation we assume that we are not in a position to raise funds through the issuance of uncovered paper or to sell assets in order to generate additional liquidity. We also take into account the surplus cover requirements for our Pfandbriefe.

Also under this worst case scenario there is no liquidity gap up to the end of the financial year.

Funding through covered bonds (Pfandbriefe) is far less affected by the market distortions than funding through uncovered (money market) paper. Consequently, the spreads of Essen Hyp Pfandbriefe on average widened only slightly, i.e. in the lower single-digit range, in all maturities.

In the reporting period Essen Hyp issued bonds to the amount of €14.7bn (€36.5bn). Public-sector Pfandbriefe accounted for €4.7bn (€20.1bn) of this figure, while mortgage Pfandbriefe accounted

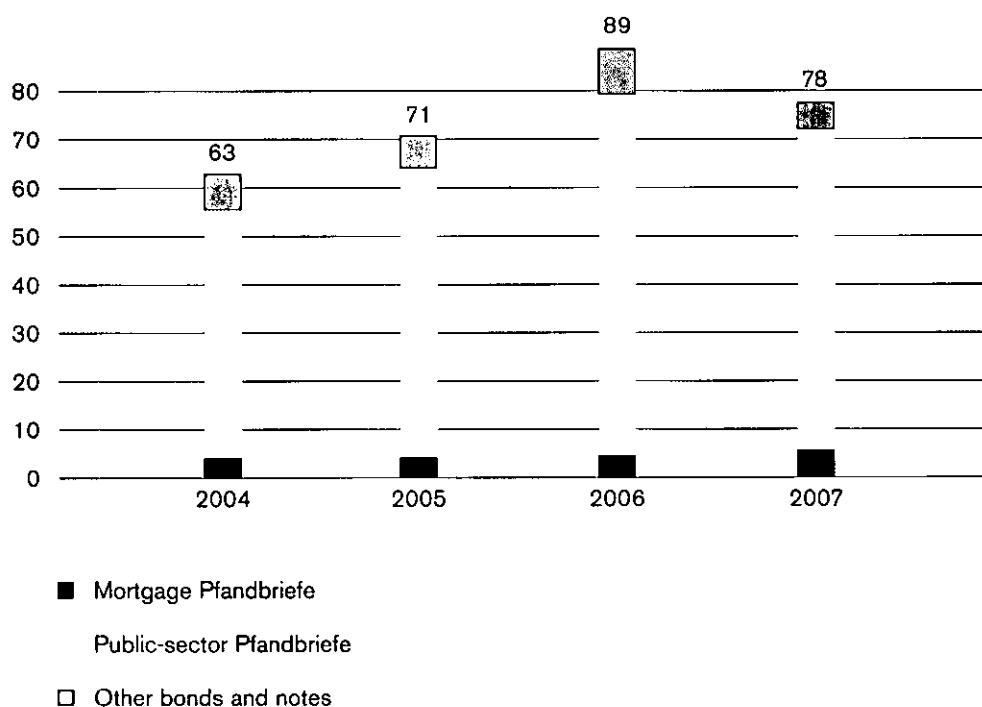
for €1.4bn (€1.8bn) and other bonds not requiring cover for €8.6bn (€14.6bn). Issues under our Commercial Paper Program totaled €5.1bn (€8.5bn).

Despite considerable distortions in the CP market we were able to place 20 drawings

totaling €556.8m in the third quarter. In addition we issued bonds totaling CHF150m and €100m via our Debt Issuance Program (DIP).

Outstanding Pfandbriefe and bonds issued by Essen Hyp

as at year-end in € bn; as of September 30, 2007



Earnings

Following the half-year results the bank's earnings development continued its downward trend. This can, first of all, be ascribed to the sharp decline in net interest income from €214.4m to just €126.5m year-on-year.

The persistently flat yield curve made it difficult to generate interest income from taking the positions that we had planned to take in accordance with our risk limits.

In addition, the overall market environment resulted in a significant decrease in new business in the third quarter of 2007. Accordingly, interest income from new lending transactions clearly dropped below our targets.

At the same time interest expenses exceeded the previous year's level due to the overall increase in interest rates.

Commission income amounted to €4.7m, an increase of €0.4m compared to the same period of the previous year (€4.3m). Commission expenses decreased to €15m (€23.2m). This figure includes commission paid to Commerzbank AG for brokering home loans. Net commission expenses thus totaled €10.3m, a decrease from €18.9m in the previous year.

Net interest and commission income as of September 30, 2007 amounted to €116.2m (€195.5m).

In our proprietary trading, net loss from financial operations was €3.2m.

General operating expenses rose to €33.5m (€28.8m) at the end of the reporting period. First of all, this figure includes personnel expenses totaling €14.1m (€12.1m). This increase in personnel expenses mainly resulted from the necessary recruitment of new staff, as well as from junior staff taken on during the reporting period. Another reason for the increase in personnel expenses is the fact that provisions for the retirement of Board members were made. In addition, general operating expenses include depreciation on tangible assets totaling €1.9m (€1.4m) and other administrative expenses totaling €17.5m (€15.3m). The increase in other administrative expenses was mainly driven by the costs relating to our Mozart Roadshow to Madrid, Berlin, Prague, Stockholm and London. Net other operating income and expenses came to €0.8m compared to €2.1m in the previous year. This item comprises, among other things, rental income from bank-owned real estate, as well as expenditures concerning the maintenance of these buildings and maintenance reserves.

In the first nine months of 2007 the operating result before provision for possible loan losses was €80.3m (€168.5m).

On balance, provision for possible loan losses, which includes both provisions for credit risk and income and expenses from cross-compensation in accordance with § 340f Sec. 3 of the German Commercial Code (HGB), totaled –€70.2m (–€43.2m). In the real estate business we added

–€15.8m (–€14.2m) to the valuation allowance reserve to cover our credit risk as measured according to the most realistic value approach, while also taking into account releases.

In our securities business, we added –€54.4m (–€29m) to the provision for possible loan losses. This increase is mainly due to adjustments resulting from the widening of credit quality spreads of bank bonds. These adjustments were made by applying the strict lower of cost or market principle in accordance with commercial law. Without exception, these adjustments are adjustments relating to the mark-to-market valuation of these bonds and do not constitute losses in terms of defaults.

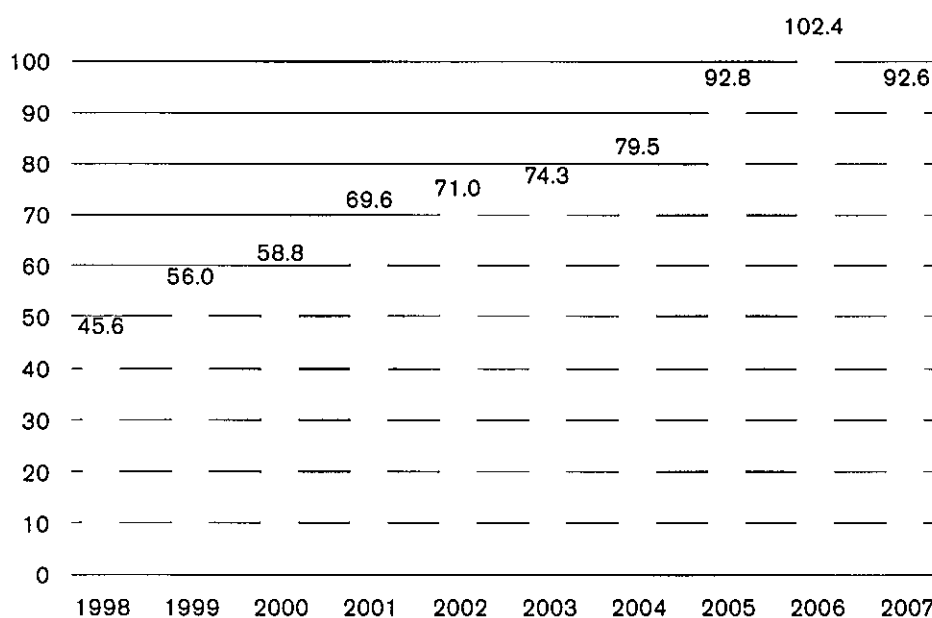
In line with the developments described above and, in particular, due to the increase in our credit risk provisions for the securities business following the market distortions seen in recent months, the bank's operating result for the first three quarters of 2007 came to €10.1m (€125.3m).

Assets and Financial Situation

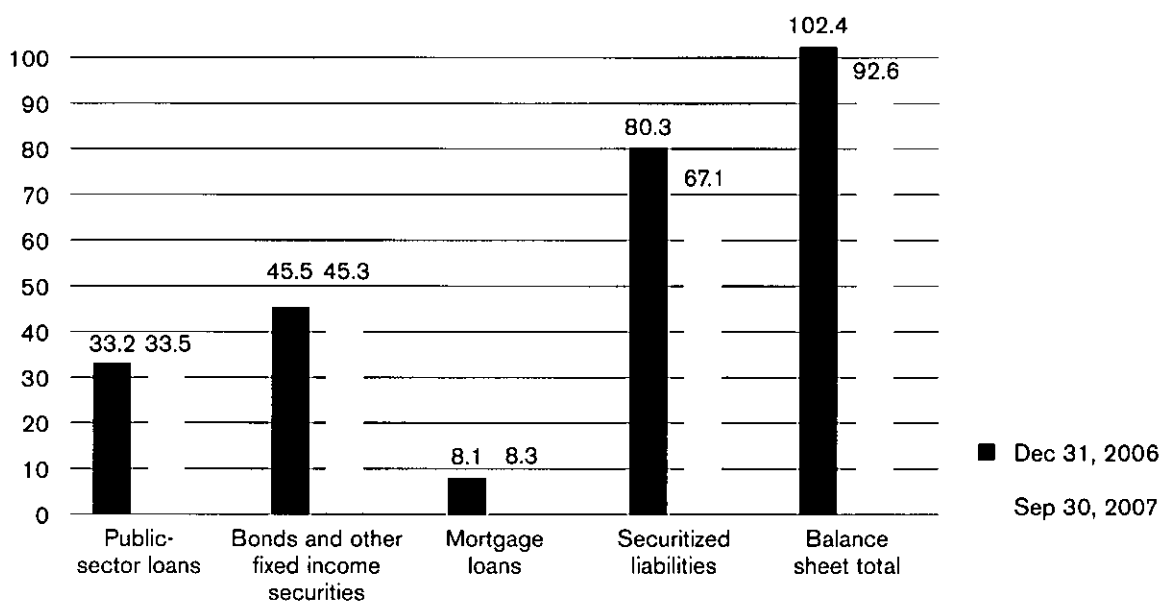
As of September 30, 2007 the balance sheet total was €92.6bn, a decline from €102.4bn in the previous year. This decline in total assets can mainly be ascribed to the decrease in repo transactions and fund units. As measured against certain important balance sheet items and in view of the overall business development our bank's asset structure changed in line with the business trends described earlier (see graph on the following page).

The total volume of risk assets in accordance with *Grundsatz I* was €10.7bn (€11.1bn) at the end of the reporting period. This results in a total capital ratio of 11.9% (11.1%) and a core capital ratio of 7.9% (6.8%) in accordance with *Grundsatz I*.

Development of balance sheet total in € bn as of September 30, 2007



Development of important balance sheet items in € bn



Outlook

We do not expect that there will be a sustainable stabilization or recovery in the markets until the end of this year. Accordingly, credit spreads are set to remain at their high level, which means that there will be hardly any scope for write-ups in the fourth quarter. We also expect a significant decline in new business in the fourth quarter, given that, as far as we can see today, the market distortions are set to continue. However, we do not expect a further deterioration of the overall situation. Thus, from today's perspective, Essen Hyp's business results at the end of this financial year will follow the trend of our half-year and 9-month-results.

Essen, October 2007

The Board of Managing Directors

Figures Relating to the Interim Report as of September 30, 2007

1,000,000.00 +
60,000.00 +
625,174.35 +
58,312.00 +
4,652.17 +
498,342.47 +
534,568.49 +
159,357.46 +
846,265.31 +
49,256.34 +
55,186.45 +
465,812.64 +
595,246.37 +
45,628.11 +
546,897.22 +

| | Sep 30, 2007 in € m | Dec 31, 2006 in € m | Change in € m | in % |
|---|------------------------|------------------------|------------------|-------------|
| Claims on banks | 14,675.1 | 22,803.8 | -8,128.7 | -35.6 |
| a) mortgage loans | 0.0 | 0.0 | 0.0 | 0.0 |
| b) public-sector loans | 10,889.5 | 10,035.0 | 854.5 | 8.5 |
| c) other claims | 3,785.6 | 12,768.8 | -8,983.2 | -70.4 |
| Claims on customers | 30,905.4 | 31,321.1 | -415.7 | -1.3 |
| a) mortgage loans | 8,276.8 | 8,074.0 | 202.8 | 2.5 |
| b) public-sector loans | 22,575.5 | 23,213.8 | -638.3 | -2.7 |
| c) other claims | 53.1 | 33.3 | 19.8 | 59.5 |
| Bonds and other fixed income securities | 45,339.1 | 45,516.0 | -176.9 | -0.4 |
| a) bonds and notes | 44,802.1 | 45,109.4 | -307.3 | -0.7 |
| b) bonds and notes issued by | | | | |
| Hypothekbank in Essen AG | 537.0 | 406.6 | 130.4 | 32.1 |
| Liabilities to banks | 15,375.5 | 12,766.6 | 2,608.9 | 20.4 |
| a) registered mortgage Pfandbriefe issued | 522.1 | 453.9 | 68.2 | 15.0 |
| b) registered public-sector Pfandbriefe issued | 629.3 | 805.6 | -176.3 | -21.9 |
| c) other liabilities | 14,224.1 | 11,507.1 | 2,717.0 | 23.6 |
| Liabilities to customers | 8,302.0 | 7,384.0 | 918.0 | 12.4 |
| a) registered mortgage Pfandbriefe issued | 2,069.6 | 1,505.3 | 564.3 | 37.5 |
| b) registered public-sector Pfandbriefe issued | 5,742.5 | 5,487.4 | 255.1 | 4.6 |
| c) other liabilities | 489.9 | 391.3 | 98.6 | 25.2 |
| Securitized liabilities | 67,117.5 | 80,320.0 | -13,202.5 | -16.4 |
| a) mortgage Pfandbriefe issued | 3,217.2 | 2,708.1 | 509.1 | 18.8 |
| b) public-sector Pfandbriefe issued | 60,328.1 | 69,349.6 | -9,021.5 | -13.0 |
| c) other bonds and notes | 3,572.2 | 8,262.3 | -4,690.1 | -56.8 |
| Subordinated liabilities | 388.0 | 373.1 | 14.9 | 4.0 |
| Profit-sharing certificates | 288.4 | 288.4 | 0.0 | 0.0 |
| Capital and reserves | 852.7 | 845.5 | 7.2 | 0.9 |
| a) subscribed capital | 412.0 | 364.0 | 48.0 | 13.2 |
| b) capital reserve | 440.7 | 481.5 | -40.8 | -8.5 |
| Total Liabilities and Shareholders' Equity | 92,643.1 | 102,357.4 | -9,714.3 | -9.5 |

| | Jan 1 – Sep 30, 2007 in € m | Jan 1 – Sep 30, 2006 in € m | Change in € m | in % |
|--|-----------------------------------|-----------------------------------|------------------|--------------|
| Interest income from lending and money market transactions, fixed income securities and government-inscribed debt | 2,885.7 | 2,501.2 | 384.5 | 15.4 |
| Current income from shares and other variable-yield securities, participations, and holdings in affiliated companies | 45.6 | 100.2 | -54.6 | -54.5 |
| Interest paid | 2,804.8 | 2,387.0 | 417.8 | 17.5 |
| Net interest income | 126.5 | 214.4 | -87.9 | -41.0 |
| Commission received | 4.7 | 4.3 | 0.4 | 9.3 |
| Commission paid | 15.0 | 23.2 | -8.2 | -35.3 |
| <i>Net commission income</i> | -10.3 | -18.9 | 8.6 | -45.5 |
| Net interest and commission income | 116.2 | 195.5 | -79.3 | -40.6 |
| Net loss from financial operations | -3.2 | -0.3 | -2.9 | -100.0 |
| Wages and salaries | 12.1 | 10.1 | 2.0 | 19.8 |
| Compulsory social security contributions | 2.0 | 2.0 | 0.0 | 0.0 |
| Other administrative expenses, including depreciation on tangible assets | 19.4 | 16.7 | 2.7 | 16.2 |
| <i>General operating expenses</i> | 33.5 | 28.8 | 4.7 | 16.3 |
| Net other operating income and expenses | 0.8 | 2.1 | -1.3 | -61.9 |
| Operating result before provision for possible loan losses | 80.3 | 168.5 | -88.2 | -52.3 |
| Provision for possible loan losses | -70.2 | -43.2 | -27.0 | 62.5 |
| Operating result | 10.1 | 125.3 | -115.2 | -91.9 |
| Average number of staff | 176 | 167 | | |
| of which: part-time staff and trainees | 27 | 29 | | |

Disclosure of financial and other information in accordance with § 28 of the German Pfandbrief Act (PfandBG)

Financial and other information requiring disclosure in accordance with § 28 of the German Pfandbrief Act (PfandBG) can be viewed on our website www.essenhyp.com.

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Chairman of the Supervisory Board

MICHAEL REUTHER

(since March 21, 2007)

Member of the Board of Managing Directors,
Commerzbank AG, Frankfurt/Main

DR. ERIC STRUTZ

(until March 21, 2007)

Member of the Board of Managing Directors,
Commerzbank AG, Frankfurt/Main

Board of Managing Directors

HUBERT SCHULTE-KEMPER

Chairman

BURKHARD DALLOSCH

MICHAEL FRÖHNER

(until March 31, 2007)

WOLFGANG GROTH

(since April 1, 2007)

www.essenhyp.com



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